

**THE OFFICE OF REGULATORY STAFF**  
**DIRECT TESTIMONY & EXHIBITS**  
**OF**  
**LANE KOLLEN**  
**SEPTEMBER 24, 2018**



**DOCKET NO. 2017-370-E**

**Joint Application and Petition of South Carolina Electric & Gas Company and Dominion Energy, Incorporated for Review and Approval of a Proposed Business Combination between SCANA Corporation and Dominion Energy, Incorporated, as May be Required, and for a Prudency Determination Regarding the Abandonment of the V.C. Summer Units 2 and 3 Project and Associated Customer Benefits and Cost Recovery Plans**

**DIRECT TESTIMONY AND EXHIBITS OF**

**LANE KOLLEN**

**ON BEHALF OF**

**THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF**

**DOCKET NO. 2017-370-E**

**IN RE: JOINT APPLICATION AND PETITION OF SOUTH CAROLINA  
ELECTRIC & GAS COMPANY AND DOMINION ENERGY,  
INCORPORATED FOR REVIEW AND APPROVAL OF A PROPOSED  
BUSINESS COMBINATION BETWEEN SCANA CORPORATION AND  
DOMINION ENERGY, INCORPORATED, AS MAY BE REQUIRED, AND  
FOR A PRUDENCY DETERMINATION REGARDING THE  
ABANDONMENT OF THE V.C. SUMMER UNITS 2 & 3 PROJECT  
AND ASSOCIATED CUSTOMER BENEFITS AND COST RECOVERY  
PLANS**

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**I. QUALIFICATIONS AND SUMMARY**

**Qualifications**

**Q. STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.**

**A.** My name is Lane Kollen. I am a utility rate and planning consultant holding the position of Vice President and Principal with J. Kennedy and Associates, Inc. ("Kennedy and Associates"). My business address is 570 Colonial Park Drive, Suite 305, Roswell, Georgia 30075.

**Q. DESCRIBE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

**A.** I earned a Bachelor of Business Administration degree in Accounting and a Master of Business Administration degree from the University of Toledo. I also earned a Master of Arts degree in theology from Luther Rice University. I am a Certified Public Accountant, with a practice license, a Certified Management Accountant, and a Chartered Global Management Accountant. In addition, I am a member of several professional organizations.

I have been an active participant in the utility industry for more than forty years, as a consultant in the industry since 1983 and as an employee of The Toledo Edison Company from 1976 to 1983. I have testified as an expert witness on mergers and other business restructurings, ratemaking, accounting, finance, tax, and planning issues in proceedings before regulatory commissions and courts at the federal and state levels on hundreds of occasions.<sup>1</sup>

**Q. ON WHOSE BEHALF ARE YOU PROVIDING TESTIMONY?**

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<sup>1</sup> My qualifications and regulatory appearances are further detailed in my Exhibit LK-1.



1 A. I am providing testimony on behalf of the South Carolina Office of Regulatory Staff  
2 (“ORS”).

3 Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC SERVICE  
4 COMMISSION OF SOUTH CAROLINA (“COMMISSION”)?

5 A. No.

6 **Purpose and Summary**

7 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

8 A. The purpose of my testimony is to summarize and describe the rate impacts on  
9 South Carolina Electric & Gas Company (“SCE&G” or “Company”) electric customers of  
10 the ORS recommendations for recovery of allowed new nuclear development (“NND”)   
11 abandonment costs less the related regulatory liabilities, ongoing income tax savings from  
12 the federal Tax Cuts and Jobs Act (“TCJA”), savings from the Merger if it is implemented,  
13 and a one-time refund of the regulatory liability for the savings from the TCJA in 2018.

14 I compare the customer impacts of the ORS ratemaking recommendations,  
15 including the potential securitization of allowed NND abandonment costs, to the customer  
16 impacts of the Dominion Energy, Inc. (“Dominion”) and SCE&G (together, “Applicants”)   
17 ratemaking proposals under No Merger Benefit Plan (“BP”) and the Merger Customer  
18 Benefit Plan (“CBP”).

19 In addition, I address the Applicants’ proposal to defer the incremental revenue  
20 requirement for Base Load Review Act (“BLRA”) transmission costs not presently  
21 included in revised rates.

22 Finally, I address the proposed merger between Dominion and SCANA  
23 Corporation (“SCANA”) (“Merger”) and the Applicants’ proposed commitments. I

address additional commitments and conditions and provide a comprehensive list of all commitments and conditions that are necessary to ensure that the Merger is in the public interest and does not harm customers.

**Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

**A.** I recommend that the Commission reduce rates to electric customers by \$193.3 million (from present rates, including experimental rates) in the first billing cycle following the Order issued on or before December 21, 2018 in this proceeding, followed by an increase of \$33.2 million in the first billing cycle in 2020 (for a net reduction from present rates, including experimental rates, of \$160.1 million in 2020), as summarized on the following table.

<b>SUMMARY OF ORS RATE RECOMMENDATIONS FOR 2019 AND 2020 \$ MILLION</b>		
	<b><u>2019</u></b>	<b><u>2020</u></b>
Termination of Revised Rates	(445.0)	(445.0)
Termination of Experimental Rates	367.4	367.4
Increase to Recover NND Costs Less Regulatory Liabilities CCR Rider	86.2	86.2
Reduction for TCJA Tax Savings (Base Rates) - Tax Savings Rider	(98.7)	(98.7)
Reduction for Merger Savings - Merger Savings Rider	(35.0)	(70.0)
One-Time Refund of TCJA Regulatory Liability	<u>(68.2)</u>	<u>0.0</u>
<b>Net Reduction in Electric Rates</b>	<b><u>(193.3)</u></b>	<b><u>(160.1)</u></b>

This net rate reduction reflects the termination of the existing revised rates and the termination of the temporary rate reduction reflected in the experimental rates adopted

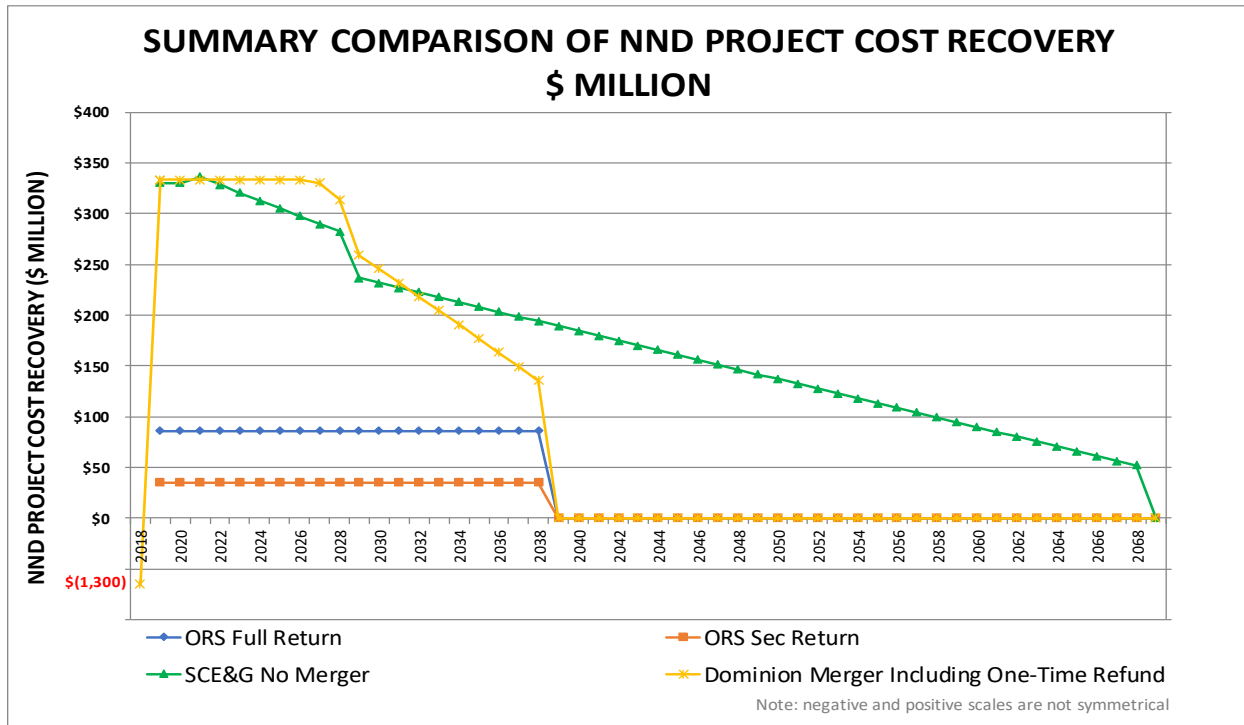
pursuant to Commission Order No. 2018-460; provides the Company recovery of allowed NND abandonment costs less related regulatory liabilities on a levelized (annuitized) basis over 20 years; recognizes the annual savings in base rates due to the TCJA starting in 2019; recognizes estimated savings from the Merger starting at \$35 million in 2019 and growing to \$70 million in 2020; and provides a one-time credit/refund for the savings due to the TCJA in 2018 that were subject to deferral as a regulatory liability pursuant to the Commission's Order No. 2018-308 in Docket No. 2017-381-A.

In addition, I recommend that the Commission direct SCE&G to defer the BLRA transmission revenue requirement, including a long-term debt rate of return, consistent with my recommendation to terminate the revised rates. I describe and recommend that the Commission adopt the methodology necessary to correctly calculate the BLRA transmission revenue requirement deferrals.

Finally, ORS does not oppose the proposed Merger, although ORS recommends significant changes to the ratemaking components of the Applicant's proposed Merger CBP. I recommend that the Commission formally adopt the Applicants' proposed Merger commitments, as modified by the ORS recommendations and other conditions that I and other ORS witnesses recommend. I provide a comprehensive list of these commitments and conditions.

**Q. HOW DO THE ORS NND RECOVERY RATEMAKING RECOMMENDATIONS COMPARE TO THE APPLICANTS' PROPOSED NO MERGER BP AND MERGER CBP?**

A. I summarize and compare the ORS NND recovery ratemaking recommendations to the Applicants' proposed No Merger BP and Merger CBP on the following graph.<sup>2</sup>



I provide various metrics to compare the ORS recommendation to a potential securitization financing alternative and to the Applicants' proposed No Merger BP and Merger CBP on the following table.

<sup>2</sup> I do not address, or include in the comparisons, the Applicants' proposed, but disfavored alternative, the so-called Base Request. It is not a viable or realistic alternative and does not merit serious consideration. It is not as favorable as the proposed No Merger BP, assumes that the Merger will not be approved, assumes present revised rates will remain in effect indefinitely, and assumes that the Company did not already agree to forego recovery of \$490 million in NND costs, \$361 million in regulatory assets, and \$180 million in new capacity costs, among other assumptions, all of which conflict with reality.

SUMMARY COMPARISON OF NND PROJECT COST RECOVERY SOUTH CAROLINA RETAIL \$ MILLION				
	ORS Recommend	ORS Securitiz	SCE&G No Merger	Dom Merger
Net Present Value NND Cost Recovery, incl One-Time Refund	785.2	321.2	2,679.7	1,230.5
Equivalent Levelized Annual NND Cost Recovery Over 20 Years, incl One-Time Refund	86.2	35.3	NA	144.7
Equivalent Levelized Annual NND Cost Recovery Over 50 Years	NA	NA	270.6	NA
Equivalent Levelized Annual NND Cost Recovery Over 20 Year of One-Time Refund	NA	NA	NA	(152.8)
Equivalent Levelized Annual NND Cost Recovery Over 20 Years, excl One-Time Refund	86.2	35.3	NA	297.5

The ORS recommendations to recover NND costs less related regulatory liabilities result in a net present value savings of \$1,1894.5 million compared to the Applicants' No Merger BP and a net present value savings of \$445.3 million compared to the Merger CBP.

**Q. DESCRIBE YOUR RECOMMENDATIONS TO TERMINATE THE REVISED RATES AND THE COMMISSION ORDER NO. 2018-460 EXPERIMENTAL RATES.**

**A.** I recommend that the Commission terminate the \$445.0 million presently recovered in revised rates that provides the Company a grossed-up return on the NND costs (\$413 million) and related BLRA transmission costs (\$32 million) incurred through June 30, 2016. I also recommend that the Commission terminate the \$367.4 million rate credit reflected in Commission Order No. 2018-460 adopting experimental rates. This will eliminate the net \$77.6 million for NND costs (\$45.6 million) and BLRA transmission costs (\$32 million) recovered in present rates (revised rates net of negative experimental rates).

**Q. DESCRIBE YOUR RECOMMENDATION TO RECOVER THE ALLOWED NND COSTS LESS RELATED REGULATORY LIABILITIES.**

**A.** I recommend that the Commission authorize a rate increase of \$86.2 million in the form of a Capital Cost Recovery Rider (“CCR Rider”) to recover the allowed NND costs less related regulatory liabilities on the effective date when rates are reset in this proceeding. I recommend that the Commission authorize this recovery over 20 years on a levelized (annuitized) basis using a fixed rate of return that includes a 52.81% equity ratio and a long-term debt ratio of 47.19%, a return on equity of 9.1%, and a cost of debt of 5.56%, which reflects SCE&G’s recent debt issuances.

I recommend that the Commission include all effects of the TCJA on the NND costs and regulatory liabilities in the CCR Rider, including the reduction in the federal income tax rate on the income tax expense resulting from the equity return and the amortization of excess liability and asset net operating loss (“NOL”) accumulated deferred income taxes (“ADIT”).

**Q. DESCRIBE YOUR RECOMMENDATION TO SECURITIZE THE ALLOWED NND COSTS AND THE EFFECT ON THE RATE INCREASE NECESSARY TO RECOVER THESE COSTS LESS THE RELATED REGULATORY LIABILITIES.**

**A.** I recommend that the Commission direct SCE&G to securitize the allowed NND abandonment costs if South Carolina enacts enabling legislation, without reduction for regulatory liabilities and ADIT, in order to maximize the savings from securitization financing. The regulatory liabilities and ADIT would not be used to reduce the amount of securitization financing and instead would be subtracted from rate base, subject to the

1           grossed-up rate of return that I recommend for the NND costs less regulatory liabilities if  
2           securitization financing is not available.

3                     Under securitization financing, the right to collect the NND costs will be sold to a  
4           third party special purpose entity. The third party will finance this asset primarily with  
5           low-cost high quality debt, thus significantly reducing the cost to finance the NND costs  
6           during the amortization and recovery period. The Company would use the proceeds to  
7           repay equity and long-term debt, thus removing this equity and debt from its balance sheet.  
8           The Company then would collect revenues from customers under a securitization tariff rate  
9           sufficient to repay the securitization debt and remit the amounts collected to the third party  
10          for that purpose.

11                    If the NND costs are securitized, then I recommend that the Commission authorize  
12          a net rate increase of \$35.3 million to \$52.4 million in the form of a securitization tariff to  
13          collect the amounts sufficient to repay the NND costs and a CCR surcredit (negative rate)  
14          rider for the regulatory liabilities, or its ratemaking equivalent. The range is due to the  
15          estimated range in potential securitization interest rates and includes an increment for the  
16          estimated “make-whole” penalties to prematurely redeem outstanding long-term debt with  
17          the securitization proceeds. If the NND costs are securitized, the rate increase will be \$50.9  
18          million to \$33.8 million less than the ORS recommendation if securitization financing is  
19          not available.

20   **Q.     DESCRIBE THE ORS RECOMMENDATION FOR RECOVERY OF THE BLRA**  
21   **TRANSMISSION COSTS.**

22   **A.**I recommend that the Commission terminate the recovery of BLRA transmission  
23   costs in present revised rates and instead direct SCE&G to defer the entire BLRA

transmission revenue requirement. None of these costs will be recovered in rates until a subsequent base rate proceeding. The Commission should address the prudence and recovery of these transmission costs in that future proceeding.

I recommend that the Commission authorize SCE&G to defer a rate of return using the cost of long-term debt, depreciation, incremental operation and maintenance (“O&M”) expenses, other incremental taxes expense (payroll and property tax expenses), and other incremental operating expenses, e.g., insurance expense, until the effective date when rates are reset to include the allowed amount of these costs in a future base rate proceeding.

**Q. DESCRIBE YOUR RECOMMENDATION TO REDUCE RATES FOR THE INCOME TAX SAVINGS DUE TO THE TCJA.**

**A.** I recommend that the Commission authorize a rate reduction of \$98.7 million in the form of a Tax Savings Rider for the base rate savings due to the TCJA unrelated to the NND costs and related regulatory liabilities. The income tax savings include the reduction in income tax expense and the amortization of excess ADIT. The Tax Savings Rider will remain in place until base rates are reset to reflect these savings in a future base rate proceeding.

I recommend that the income tax savings related to the NND costs and related regulatory liabilities be incorporated into the CCR Rider. I recommend that the Commission reject the Applicants’ proposal for a separate NND Tax Rider. The Applicants’ proposal is unnecessary and confusing.

**Q. DESCRIBE YOUR RECOMMENDATION TO REDUCE RATES FOR MERGER SAVINGS IF THE MERGER IS IMPLEMENTED.**



1     **A.**             I recommend a rate reduction of \$35 million in the first year and \$70 million in the  
2             second year and annually thereafter in the form of a Merger Savings Rider for the estimated  
3             savings in operating expenses if the Merger is implemented. The Merger Savings Rider  
4             will remain in place until base rates are reset to reflect these savings in a future base rate  
5             proceeding.

6     **Q.     DESCRIBE YOUR RECOMMENDATION FOR A ONE-TIME REFUND FOR**  
7     **THE INCOME TAX SAVINGS DUE TO THE TCJA.**

8     **A.**             I recommend that the Commission authorize a one-time refund of \$68.2 million for  
9             the base rate and revised rate income tax savings in 2018 due to the TCJA. The income  
10            tax savings includes the reduction in income tax expense for base rates and revised rates  
11            and the amortization of protected excess ADIT for base rates; however, there will be no  
12            revised rates for NND costs in 2018 due to the combination of the regulatory liability for  
13            refund of revised rates pursuant to the ORS recommendation and the actual experimental  
14            rate credits. The one-time refund does not include the amortization of unprotected excess  
15            ADIT. The Commission did not authorize amortization of the unprotected excess ADIT  
16            in 2018.

## 17                             **II. ORS RATEMAKING ADJUSTMENTS**

### 18             **Summary of Allowed NND Abandonment Costs and Regulatory Liabilities**

19     **Q.     PLEASE SUMMARIZE THE ORS RECOMMENDATIONS FOR RECOVERY OF**  
20     **ALLOWED NND ABANDONMENT COSTS AND REGULATORY LIABILITIES.**

21     **A.**             I recommend that SCE&G be authorized to recover through a new CCR Rider the  
22             allowed NND abandonment costs less related regulatory liabilities and a return on these  
23             costs, net of the related liability ADIT and asset NOL ADIT.

1           The costs that will be recovered in the CCR Rider include only the actual allowed  
2           NND costs incurred through March 12, 2015,<sup>3</sup> after adjustments to those costs adopted by  
3           the Commission in prior Orders; after adjustments to remove bonuses and certain other  
4           costs; after reductions for SCE&G's transfers of costs to Summer Unit 1 and transmission,  
5           including the switchyard, and sales of equipment; after reductions for various related  
6           regulatory liabilities; and after adjustments for the effects of the TCJA on these NND costs  
7           and related regulatory liabilities.

8           The regulatory liabilities include: the settlement proceeds received from Toshiba;  
9           a return on the settlement proceeds received from Toshiba; a credit of revised rates for the  
10          return on NND construction work in progress ("CWIP") costs that are disallowed; a return  
11          on the credit of the revised rates for the return on NND costs that are disallowed; a credit  
12          of revised rates for the return on Summer 1, switchyard costs, and other costs that were  
13          transferred from the NND costs, but still are included in revised rates; a return on the credit  
14          of the revised rates for the Summer 1, switchyard costs, and other costs that should not  
15          have been included in revised rates; and a credit for the excess liability ADIT due to the  
16          TCJA, net of a reasonable allocation of the excess asset NOL ADIT.

17          **Allowed NND Abandonment Costs**

18   **Q.     DESCRIBE THE ALLOWED NND ABANDONMENT COSTS INCLUDED IN**  
19   **THE ORS RATE RECOMMENDATIONS.**

20   **A.**I relied on the allowed NND abandonment costs calculated by ORS witness Mr.  
21          Kelvin Major, who describes the calculation of these costs in his Direct Testimony. He

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<sup>3</sup> ORS is continuing to conduct discovery and this date may change.

determined the allowed NND costs as of March 12, 2015,<sup>4</sup> consistent with the recommendation of ORS witness Mr. Gary Jones that all NND costs incurred after March 12, 2015 be disallowed. These NND costs reflect all adjustments to the NND CWIP adopted by the Commission in the annual revised rate proceedings through 2015, adjustments to remove bonuses and certain other costs, adjustments for the Company's subsequent transfers to Summer Unit 1 and switchyard, and other adjustments for the sale of equipment.

**Q. WHAT IS THE AMOUNT OF THE DISALLOWED NND COSTS UNDER THE ORS RECOMMENDATIONS?**

**A.** The disallowed NND costs are \$1,873.9 million (total Company), excluding the NND costs incurred after September 30, 2017, which SCE&G has written off as incurred. The actual NND costs are \$4,645.5 million (total Company) at September 30, 2017, after exclusion of the BLRA transmission costs and transfers to Unit 1 and switchyard.<sup>5</sup> The ORS recommendation for allowed NND costs is \$2,771.6 million (total Company).

**Q. HAS SCE&G ALREADY WRITTEN OFF A PORTION OF THE NND COSTS?**

**A.** Yes. SCE&G agreed to forego recovery of a portion of the NND costs and the entirety of the related regulatory assets.<sup>6</sup> Consequently, it reduced the NND costs and recorded an impairment loss of \$490 million (total Company), consisting of \$210 million (total Company) in September 2017 and another \$280 million (total Company) in December 2017. SCE&G also has written off ("expensed") all additional NND costs

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<sup>4</sup> *Id.*

<sup>5</sup> Exhibit No.\_\_\_\_(KRK-1) attached to the Direct Testimony of SCE&G witness Kevin R. Kochems.

<sup>6</sup> Direct Testimony of SCE&G witness Kevin R. Kochems at 35.

1 associated with the terminated project incurred after September 30, 2017.<sup>7</sup> In addition,  
2 SCE&G recorded an impairment loss of \$361.3 million (total Company) to write off the  
3 regulatory assets related to the project.<sup>8,9</sup> These write offs were recorded net of tax,  
4 meaning that SCE&G reduced the liability ADIT related to the total NND costs for the  
5 portion that was written off and eliminated the liability ADIT related to the regulatory  
6 assets. The write offs of the ADIT included the excess ADIT due to the reduction in the  
7 federal income tax rate pursuant to the TCJA.<sup>10</sup>

8 **Q. WILL SCE&G WRITE OFF ADDITIONAL NND COSTS UNDER THE**  
9 **APPLICANTS' PROPOSED NO MERGER BENEFIT PLAN?**

10 **A.** No. The Applicants propose no additional write offs of NND costs under the No  
11 Merger BP, except for the project costs incurred after September 30, 2017.<sup>11</sup>

12 **Q. WILL SCE&G WRITE OFF ADDITIONAL NND COSTS UNDER THE**  
13 **APPLICANTS' PROPOSED MERGER CBP?**

14 **A.** Yes. The Applicants propose a total \$1,403 million (total Company) disallowance  
15 and permanent write off of NND costs under the Merger CBP.<sup>12</sup> SCE&G already has  
16 written off \$490 million (total Company) and will write off an additional \$913 million  
17 (total Company), as well as writing off all project costs incurred after September 30,  
18 2017.<sup>13</sup> The Applicants will write off the \$85.602 million (total Company) transfer of NND

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<sup>7</sup> Refer to response to AIR 5-13. I have attached a copy of this response as my Exhibit LK-3.

<sup>8</sup> Refer to response to AIR 6-17. I have attached a copy of this response as my Exhibit LK-2.

<sup>9</sup> SCE&G also recorded an impairment loss of \$180 million against the NND costs for the acquisition cost of the Columbia Energy Center. However, this was reversed and added back to the NND costs when the acquisition was completed earlier this year.

<sup>10</sup> Refer to response to AIR 7-15. I have attached a copy of this response as my Exhibit LK-4.

<sup>11</sup> Direct Testimony of Kevin R. Kochems at 11-12, 49-50.

<sup>12</sup> *Id.*, 25.

<sup>13</sup> *Id.*

costs to Unit 1 and switchyard as a component of the proposed \$1,403 million (total Company) disallowance and permanent write off.<sup>14</sup>

**Q. WHAT IS THE SIGNIFICANCE OF SCE&G'S ACTUAL AND ADDITIONAL WRITE OFFS OF NND COSTS UNDER THE PROPOSED MERGER CBP?**

**A.** The actual SCE&G write offs and the additional write offs if the Merger is approved preemptively address a substantial portion of the potential write offs that will result from the ORS recommendations regarding the allowed NND abandonment costs in this proceeding.

The ORS recommendations will result in total write offs of \$1,873.9 million (total Company) in NND costs compared to the \$490 million (total Company) in actual write offs under the No Merger BP and the \$1,403 million (total Company) in actual and additional write offs under the Merger CBP. In other words, the ORS recommendations will result in an additional write off of \$1,383.9 million (total Company) compared to the proposed No Merger BP and an additional write off of \$470.9 million (total Company) compared to the proposed Merger CBP.

**Regulatory Liability for Toshiba Proceeds**

**Q. WHAT IS A REGULATORY LIABILITY?**

**A.** A regulatory liability is an obligation of the utility to credit or refund customers amounts previously collected or obtained from a third party, such as Toshiba. A regulatory liability is imposed under generally accepted accounting principles ("GAAP") through either the direct "rate action of a regulator" in an Order or through the indirect rate action

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<sup>14</sup> *Id.*, 29.

1 of a regulator given the ratemaking paradigm and the facts and circumstances of the event  
2 or transaction.<sup>15</sup> As an example of the direct action of a regulator, SCE&G will record a  
3 regulatory liability for a credit or refund of revised rates that have been collected under  
4 either the ORS recommendation if it is adopted or the Applicants' Merger CBP if it is  
5 adopted by the Commission ("rate action"). As an example of the indirect action of a  
6 regulator, SCE&G already recorded a regulatory liability of \$1,095 million for the Toshiba  
7 settlement proceeds. This indirect action will be confirmed by the Commission when it  
8 determines the disposition of this regulatory liability and issues its Order in this proceeding.

9 **Q. DESCRIBE THE REGULATORY LIABILITY FOR THE TOSHIBA PROCEEDS.**

10 **A.** After Westinghouse Electric Company LLC ("Westinghouse") declared  
11 bankruptcy, SCE&G and Toshiba negotiated a settlement of the Toshiba parental  
12 guarantee. The settlement provided for a series of payments by Toshiba to SCE&G over  
13 five years totaling \$1,192.4 million on a nominal dollar basis.<sup>16</sup> SCE&G received a single  
14 payment of \$82.5 million from Toshiba on October 2, 2017. SCE&G monetized the  
15 remaining payments through an agreement with Citibank and received \$1,015.9 million  
16 from Citibank on September 27, 2017.<sup>17</sup> The monetization reflected an annualized  
17 discount rate of 3.45%.<sup>18</sup>

18 The proceeds from Toshiba and Citibank were recorded by SCE&G in account 254  
19 as a regulatory liability in accordance with GAAP pending a rate action by the Commission

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<sup>15</sup> ASC 980-405-25-1. I have provided a copy of this accounting standard as my Exhibit LK-5.

<sup>16</sup> Response to AIR 7-18. I have attached a copy of this response as my Exhibit LK-6. SCE&G was entitled to its 55% ownership share of the \$2,168 million in total proceeds.

<sup>17</sup> Response to AIR 4-67. I have attached a copy of this response as my Exhibit LK-7.

<sup>18</sup> Response to AIR 7-18.

1 to credit/refund this regulatory liability to customers.<sup>19</sup> The proceeds from Citibank were  
2 recorded net of the discount. The proceeds also were reduced by \$3.2 million for the fees  
3 and expenses that were incurred by SCE&G.<sup>20</sup> SCE&G recorded the deferred income tax  
4 expense on the net amount of these proceeds as an asset ADIT of \$418.9 million.<sup>21</sup>

5 **Q. DESCRIBE THE APPLICANTS' PROPOSALS FOR THE TOSHIBA PROCEEDS**  
6 **REGULATORY LIABILITY.**

7 **A.** The Applicants propose that the Toshiba Proceeds regulatory liability be used as a  
8 reduction to the allowed NND abandonment costs under the No Merger BP. The  
9 Applicants propose that the Toshiba Proceeds regulatory liability be refunded to SCE&G  
10 electric customers as a component of the proposed \$1.3 billion one-time rate credit under  
11 the Merger CBP.

12 **Q. DO THE APPLICANTS PROPOSE A REDUCTION IN THE TOSHIBA**  
13 **PROCEEDS REGULATORY LIABILITY IN THEIR NO MERGER BP?**

14 **A.** Yes. The Applicants propose an \$85.0 million reduction in the Toshiba Proceeds  
15 regulatory liability under the No Merger BP<sup>22</sup> to reflect SCE&G's estimate of the payments  
16 it will have to make to satisfy contractor liens filed against it after the Westinghouse  
17 bankruptcy.

18 **Q. SHOULD THE COMMISSION REDUCE THE TOSHIBA PROCEEDS**  
19 **REGULATORY LIABILITY FOR THE ESTIMATED PAYMENTS TO**  
20 **CONTRACTORS?**

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<sup>19</sup> Response to AIR 4-70. I have attached a copy of this response as my Exhibit LK-8.

<sup>20</sup> *Id.*

<sup>21</sup> *Id.*

<sup>22</sup> Direct Testimony of Jimmy Addison at 45 and Direct Testimony of Kevin R. Kochems at 31.

1     **A.**             No. This proposal would indirectly increase the allowed NND costs abandonment  
2             costs under the Applicants' proposed No Merger BP for costs that may never be incurred  
3             and are unknown at this time.<sup>23</sup>

4             However, even if additional costs actually are incurred in the future, they should  
5             not be used to increase the allowed NND costs for several reasons.<sup>24</sup> First, ORS witness  
6             Mr. Gary Jones recommends that all costs incurred after March 12, 2015 be disallowed  
7             from recovery. His recommendation extends to additional costs that have not yet been  
8             incurred, including contractor lien payments. Second, even if SCE&G is required to pay  
9             these liens, then it should write off these costs against income when incurred, consistent  
10            with its commitment and similar to its accounting for all other costs incurred on the project  
11            since September 30, 2017.

12    **Q.       DOES THE ORS AGREE THAT THERE SHOULD BE A ONE-TIME REFUND OF**  
13    **THE TOSHIBA PROCEEDS REGULATORY LIABILITY?**

14    **A.**             No. I recommend that the Toshiba Proceeds regulatory liability be used to reduce  
15             the allowed NND costs recoverable through the CCR Rider. In this manner, the Toshiba  
16             Proceeds regulatory liability will be used to reduce the CCR Rider rates necessary to  
17             recover the NND costs less regulatory liabilities for the next 20 years, assuming that is the  
18             recovery period adopted by the Commission. Using the Toshiba Proceeds regulatory  
19             liability in this manner provides a greater present value benefit to customers than the  
20             Applicants' proposal.

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<sup>23</sup> Response to AIR 1-127. I have attached a copy of this response as my Exhibit LK-9.

<sup>24</sup> This is not a concern in the Applicants' Merger CBP because the Toshiba Proceeds regulatory liability is subsumed within the proposed \$1.3 billion one-time rate credit, which is more than the Toshiba Proceeds liability with or without the offset for the estimated contractor lien payments.



1           The Applicants' proposal for a one-time refund of the Toshiba Proceeds regulatory  
2           liability will result in a significant increase in the CCR Rider rates necessary to recover the  
3           NND costs less regulatory liabilities. It will harm customers on a net present value basis,  
4           all else equal.

5           Under the Applicants' Merger CBP, customers not only will be required to pay  
6           back the Toshiba Proceeds regulatory liability, but also will be required to pay a return on  
7           the unamortized amount of the Toshiba Proceeds regulatory liability. Even worse, the  
8           proposed one-time refund will increase the asset NOL ADIT, a fact that the Applicants  
9           have completely ignored in their analyses. The increase in the asset NOL ADIT will  
10          increase the rate base and the revenue requirement to be recovered through the CCR Rider  
11          from customers. This tax-related cost is due solely to the proposed one-time refund and is  
12          avoidable.

13          **Regulatory Liability for "Return On" Toshiba Proceeds**

14   **Q. DID SCE&G RECORD A REGULATORY LIABILITY FOR A RETURN ON THE**  
15   **TOSHIBA PROCEEDS TO REFLECT FINANCING COST SAVINGS SINCE THE**  
16   **FUNDS WERE RECEIVED MORE THAN A YEAR AGO?**

17   **A.**       No.<sup>25</sup> The Toshiba Proceeds reduced and displaced the actual costs to finance NND  
18           costs and should earn a return equivalent to the return on the NND costs included in revised  
19           rates. This return should have been deferred as a regulatory liability to offset the recovery  
20           through revised rates. Instead, SCE&G retained the return on the Toshiba Proceeds. It has

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<sup>25</sup> Response to AIR 4-68. I have attached a copy of this response as my Exhibit LK-10.

1           neither reduced revised rates to eliminate the return on this reduction in NND costs nor  
2           deferred the financing cost savings as a regulatory liability.

3           SCE&G has owed the Toshiba Proceeds to customers since the dates (September  
4           27, 2017 and October 2, 2017) the funds were received from Toshiba and Citibank,  
5           respectively. Toshiba settled and paid these amounts as a “refund” to offset and reduce the  
6           NND costs that SCE&G had incurred.

7           If the return on the NND costs had been calculated pursuant to a rider, similar to  
8           the Georgia Power Company Nuclear Construction Cost Recovery rider that provides a  
9           return on the Vogtle 3 and 4 nuclear costs during construction, then the Toshiba Proceeds  
10          would have been used to reduce the NND costs and to reduce the revenue requirement for  
11          the savings in financing costs. This savings in financing costs would have been calculated  
12          at the grossed-up rate of return and would have flowed automatically to customers through  
13          the rider.

14   **Q.   RESPOND TO SCE&G’S CLAIM THAT IT USED THE TOSHIBA PROCEEDS**  
15   **TO “REPAY SHORT TERM DEBT OR TO MEET CASH NEEDS THAT WOULD**  
16   **OTHERWISE HAVE REQUIRED THE ISSUANCE OF SHORT TERM DEBT.”<sup>26</sup>**

17   **A.**       This claim is incorrect and misleading. It is directly contradicted by SCE&G  
18           witness Ms. Iris Griffin.<sup>27</sup> Although it is true that the Toshiba Proceeds initially were used  
19           in part to temporarily reduce outstanding short-term debt, this was not a permanent  
20           reduction. SCE&G ultimately used the proceeds to finance other long-term non-NND  
21           investments that typically are financed permanently with equity and long-term debt, not

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<sup>26</sup> *Id.*

<sup>27</sup> Direct Testimony of Iris Griffin at 47.

1 short-term debt. This fact is confirmed by Ms. Griffin, who states: “the cash proceeds of  
2 the settlement allowed SCE&G to avoid having to issue long-term debt in the then current  
3 financial circumstances.”<sup>28</sup>

4 **Q. WAS IT REASONABLE FOR SCE&G TO MONETIZE THE FUTURE TOSHIBA**  
5 **PAYMENTS?**

6 **A.** Yes, the monetization was reasonable from a financing perspective, but only under  
7 the correct assumption that the Toshiba Proceeds permanently displaced equity and long-  
8 term debt financing, not short-term debt, and then only if the financing cost savings inure  
9 to customers through a regulatory liability and are not retained by SCE&G.

10 The discount rate on the monetization of the Toshiba Proceeds was 3.45%,  
11 significantly less than the 11.62% grossed-up return on NND CWIP costs presently  
12 reflected in revised rates, but more than the 1.49%-2.07% actual cost of short-term debt  
13 since September 2017.<sup>29</sup>

14 Ms. Griffin agrees the correct assumption is that the Toshiba Proceeds displaced  
15 equity and long-term debt financing. She compares the cost of monetizing the Toshiba  
16 Proceeds to SCE&G’s cost of capital: “. . . 3.45%, which is lower than SCE&G’s cost of  
17 capital.”<sup>30</sup>

18 As Ms. Griffin notes, it was economic for SCE&G to monetize the Toshiba  
19 proceeds because the discount rate was substantially less than the grossed-up rate of return

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<sup>28</sup> *Id.*

<sup>29</sup> Response to AIR 4-68.

<sup>30</sup> *Id.*

that it avoided, whether as an offset to return on the NND CWIP included in revised rates or the financing for other non-NND costs that it did not have to issue.

**Q. ARE CUSTOMERS ENTITLED TO A GROSSED-UP RATE OF RETURN ON THE TOSHIBA PROCEEDS SINCE THE DATES THEY WERE RECEIVED?**

**A.** Yes. Customers are entitled to the return on those proceeds from the dates the proceeds were received until the regulatory liability is fully amortized as a reduction to the NND costs recovered by SCE&G.

Contrary to this seemingly self-evident principle, the Company not only proposes to retain the savings in avoided financing costs, but also seeks to recover the financing costs incurred through the discount on the Toshiba Proceeds that SCE&G paid to Citibank and recorded as a reduction in the Toshiba Proceeds regulatory liability.

As I previously noted, the Settlement with Toshiba provided for payments of \$1,109.9 million after the initial Toshiba payment of \$82.5 million. Instead of this amount, SCE&G received only \$1,015.9 million from the Citibank monetization, a discount of \$94.0 million for accelerating and advancing Toshiba's future scheduled payments. This \$94.0 million discount was a financing cost incurred by SCE&G. SCE&G recorded a \$1,095.2 million regulatory liability for the Toshiba Proceeds (\$82.5 million from Toshiba plus \$1,015.9 million from Citibank less \$3.2 million in fees and expenses), thus effectively imposing the \$94.0 million monetization financing cost on customers in the net Toshiba Proceeds regulatory liability. That is appropriate, but only if the customers receive the return on the regulatory liability and only if they receive the return at the Company's grossed-up weighted average cost of capital.

**Q. RESPOND TO THE APPLICANTS' ARGUMENT THAT SCE&G SHOULD RETAIN THE SAVINGS AS COMPENSATION IN LIEU OF AFUDC AFTER THE PROJECT WAS TERMINATED.<sup>31</sup>**

**A.** Fundamentally, this argument contradicts SCE&G's voluntary agreement to forego recovery of all costs incurred since September 2017 and to write off all such costs as incurred.

This argument also contradicts the Applicants' proposal to forego recovery of the NND costs incurred after June 30, 2016 and to forego any claim for the related financing costs under the Merger CBP.

In addition, this argument contradicts the Company's admission that the proceeds allowed SCE&G to avoid the cost of long-term financing.<sup>32</sup>

Further, this argument contradicts the fact that customers will pay the financing costs in the form of a reduction in the Toshiba Proceeds regulatory liability.

Finally, this argument contradicts the Applicants' proposal that SCE&G pay a grossed-up rate of return on the Toshiba Proceeds under the proposed No Merger BP. In other words, the Applicants inexplicably argue that there should be *no* return on the Toshiba proceeds from the end of September 2017/beginning of October 2017, when SCE&G received the proceeds, through December 2018, when the Commission is required to issue its Order in this proceeding, but then propose that there should be a grossed-up rate of return on the same proceeds after December 2018.

**Q. WHAT IS YOUR RECOMMENDATION?**

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<sup>31</sup> *Id.*

<sup>32</sup> Direct Testimony of Iris Griffin at 47.

1     **A.**             I recommend that the Commission direct SCE&G to record a regulatory liability  
2             for a deferred return on the proceeds calculated using the same grossed-up rate of return  
3             used for the return on NND costs in revised rates. The calculation of the deferral should  
4             start with the two dates the Toshiba Proceeds were received and continue through the  
5             effective date of the Commission's Order in this proceeding.

6             I also recommend that the Commission direct SCE&G to reflect this regulatory  
7             liability as an offset to the allowed NND costs in the CCR rider and to credit (refund) these  
8             amounts through an amortization of the regulatory liability in the CCR Rider.

9     **Q.     WHAT IS THE AMOUNT OF THE REGULATORY LIABILITY FOR THE**  
10     **DEFERRED RETURN ON THE TOSHIBA PROCEEDS AT DECEMBER 31, 2018?**

11     **A.**             The regulatory liability will be \$109.6 million (total Company) or \$106.1 million  
12             (SC retail) at December 31, 2018. There will be an offsetting asset ADIT of \$41.9 million  
13             (total Company) or \$40.6 million (SC retail).

14             **Regulatory Liability for Refund of Revised Rates**

15     **Q.     DESCRIBE THE RETURN ON THE NND CWIP THAT IS INCLUDED IN**  
16     **REVISED RATES.**

17     **A.**             SCE&G presently collects \$413 million in target revenues annually in revised rates  
18             for the grossed-up return on NND costs of \$3,512 million (total Company) at June 30,  
19             2016. The Commission provided a grossed-up return on the NND costs during  
20             construction through a series of nine increases in revised rates that reflected the incremental  
21             NND costs as of June 30 each year starting in 2009. The last increase in revised rates  
22             reflected the incremental NND costs from July 1, 2015 through June 30, 2016.

**Q. HAS THE COMPANY CONTINUED TO COLLECT THE RETURN ON THE NND CWIP IN REVISED RATES SINCE IT TERMINATED CONSTRUCTION ON JULY 31, 2017?**

**A.** Yes. The Company has continued to collect the return on the NND CWIP in revised rates, although this has been partially offset by the experimental rates reduction effective April 1, 2018.

**Q. IS IT THE POSITION OF ORS THAT THE CONTINUED RECOVERY OF THE RETURN ON THE NND CWIP IN REVISED RATES AFTER CONSTRUCTION WAS TERMINATED IS CONTRARY TO THE BLRA?**

**A.** Yes. I have been informed by ORS counsel that the continued recovery of the return on the NND CWIP in revised rates after construction was terminated is contrary to the BLRA. The definition of “revised rates” in the BLRA supports this position by stating that revised rates are “[F]or a nuclear plant under construction....” S.C. Code Ann. § 58-33-220(17). In addition, S.C. Code Ann. § 58-33-275(C) states, “So long as the plant is constructed or being constructed in accordance with the approved schedules, estimates, and projections ..., the utility must be allowed to recover its capital costs related to the plant through revised rate filings ....” On July 31, 2017, construction on V.C. Summer Units 2 and 3 was terminated and the project was abandoned.

Judge Child’s order denying SCE&G’s Motion for Preliminary Injunction (“Order”) addresses whether SCE&G has a property interest in revised rates revenue after abandonment under the BLRA and provides additional support for the position that revised rates revenue is not allowed if the Project is abandoned. Judge Childs concluded that SCE&G had not shown that it clearly has a property interest in revised rates. (See, SCE&G

1 v. Cromer H. Randall, in his official capacity of the South Carolina Public Service  
2 Commission et al., Civil Action No:3:18-cv-01795-MNC, USDC (Columbia), August 6,  
3 2018). According to Judge Childs, “[t]o have a property interest in a benefit, a person  
4 clearly must have more than an abstract need or desire for it ... He must have a legitimate  
5 claim of entitlement to it.”<sup>33</sup>

6 Furthermore, the Order states that “[u]nder South Carolina law, ‘[t]o determine if  
7 the expectation of entitlement is sufficient ‘will depend largely upon the extent to which  
8 the statute contains mandatory language that restricts the discretion of the [agency]....’”<sup>34</sup>

9 In reviewing Section 58-33-275, Judge Childs noted that the phrase “so long as”  
10 is a condition rather than a time limit. And, the phrase “as long as” means “provided that”  
11 and serves the same function as the phrase “if and only if.” (§74).

12 Judge Childs found that because SCE&G abandoned the Project on July 31, 2017,  
13 SCE&G cannot legitimately claim an entitlement to revised rates collected after  
14 abandonment because it was no longer constructing the Project. (Footnote: 23). SCE&G  
15 can however file for abandonment and upon a finding that it was prudent to abandon,  
16 SCE&G can recoup its capital costs (NND construction costs) through either revised rates  
17 or a base rate case (i.e. general rate case). (§ 80).

18 During the period where SCE&G was no longer constructing the Project, but  
19 continued to charge revised rates, the PSC’s discretion in setting rate recovery is not  
20 constrained. Thus, it is ORS’s position that SCE&G’s continued collection of revised rates

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<sup>33</sup> Citing *Bd. Of Regents v. Roth*, 408 U.S. 564, 577 (1972).

<sup>34</sup> Citing *Grimsley v. S.C. Law Enf’t Div.*, 721 S.E.2d 423, 427 (S.C. 2012).



from August 1, 2017 should not be allowed and that amount should be refunded/credited back to the ratepayers.<sup>35</sup>

**Q. ARE THERE ADDITIONAL REASONS THAT THE NND PORTION OF THE REVISED RATES SHOULD BE REFUNDED TO CUSTOMERS IN THE FORM OF A REGULATORY LIABILITY AND USED TO REDUCE THE RECOVERY OF THE ALLOWED NND COSTS?**

**A.** Yes. If the Commission disallows all NND costs incurred after March 12, 2015 as recommended by ORS, then it also should approve a refund of the revised rates that provided a return on those disallowed costs. In addition, it should approve a refund of the revised rates that provided a return on the NND costs subsequently transferred to Unit 1 and switchyard, equipment that was sold, and the other adjustments. Unit 1 costs were not eligible for recovery through revised rates.

**Q. HAS SCE&G RECORDED A REGULATORY LIABILITY FOR THE REFUND OF REVISED RATES?**

**A.** No. SCE&G has not recorded a regulatory liability for the credit or refund of revised rates. Nor do the Applicants propose a regulatory liability under the No Merger BP, although the Applicants propose a regulatory liability of \$575 million (retail) for the credit or refund of revised rates under the Merger CBP.<sup>36</sup> The Applicants propose using this regulatory liability to reduce the revenue requirement of the allowed NND costs through the CCR Rider for the first eight years of the Merger CBP. If the Commission approves

<sup>35</sup> Act 287 as implemented by the PSC reduced revised rates collection as of April 1, 2018.

<sup>36</sup> Application at 26: "Dominion Energy will underwrite and recognize a regulatory liability of approximately \$575 million in refunds by SCE&G for refunding certain amounts previously collected under the NND Project."

the Merger, then SCE&G will record a regulatory liability of \$575 million and amortize it over eight years. The Applicants do not propose a return on this regulatory liability in the CCR Rider.<sup>37</sup>

**Q. WHAT IS YOUR RECOMMENDATION?**

**A.** I recommend that the Commission direct SCE&G to establish a regulatory liability for the refund of revised rates. I also recommend that the Commission direct SCE&G to reflect this regulatory liability as an offset to the allowed NND abandonment costs in the CCR rider and to credit (refund) these amounts through an amortization of the regulatory liability in the CCR Rider.

**Q. WHAT IS THE AMOUNT OF THE REGULATORY LIABILITY FOR THE REFUND OF REVISED RATES AT DECEMBER 31, 2018?**

**A.** The regulatory liability is \$392.0 million (retail) at December 31, 2018 under the ORS recommendation to refund/credit the entirety of the NND portion of the revised rates since August 1, 2017, offset by the reduction due to the experimental rates effective April 1, 2018. There will be an offsetting asset ADIT of \$131.6 million.

The regulatory liability is \$177.8 million (retail) at December 31, 2018 if the refund/credit is limited to the return on NND costs disallowed after March 12, 2015 that are included revised rates. There will be an offsetting asset ADIT of \$60.6 million.

These amounts compare to \$0 under the Applicants' No Merger BP and \$575 million (retail) under the Applicants' Merger CBP.

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<sup>37</sup> Response to AIR 1-118. I have attached a copy of this response as my Exhibit LK-12.

**Regulatory Liability for “Return On” Refund of Revised Rates**

**Q. SHOULD THE COMMISSION DIRECT SCE&G TO RECORD AN ADDITIONAL REGULATORY LIABILITY FOR A RETURN ON THE REFUND OF REVISED RATES?**

**A.** Yes. The Company’s customers should be compensated for the use of their funds collected through revised rates for the return on disallowed costs.

**Q. WHAT IS YOUR RECOMMENDATION?**

**A.** I recommend that the Commission direct SCE&G to defer a return on the refund of revised rates as an additional regulatory liability using SCE&G’s grossed-up rates of return established in the 2015 and 2016 revised rate proceedings, respectively. I recommend that the grossed-up rate of return used to calculate the regulatory liability be reduced as of January 1, 2018 to reflect the lower federal income tax rate as of that date. I also recommend that the Commission direct SCE&G to reflect this regulatory liability as an offset to the allowed NND abandonment costs in the CCR rider and to credit (refund) these amounts through an amortization of the regulatory liability in the CCR Rider.

**Q. WHAT IS THE AMOUNT OF THE REGULATORY LIABILITY FOR THE RETURN ON THE REFUND OF REVISED RATES AT DECEMBER 31, 2018?**

**A.** The regulatory liability is \$37.3 million (retail) at December 31, 2018 under the ORS recommendation to refund/credit the entirety of the NND portion of the revised rates since August 1, 2017, offset by the reduction due to the experimental rates effective April 1, 2018. There will be an offsetting asset ADIT of \$10.6 million.

1           The regulatory liability is \$19.2 million (retail) at December 31, 2018 if the  
2           refund/credit is limited to the return on NND costs disallowed after March 12, 2015 that  
3           are included revised rates. There will be an offsetting asset ADIT of \$5.8 million.

4           **Allocation of Liability Deferred Income Taxes to Allowed NND Costs**

5   **Q.   DESCRIBE THE LIABILITY ADIT RELATED TO THE NND COSTS.**

6   **A.**           SCE&G recorded liability ADIT amounts during construction on the portion of the  
7           NND costs that were subtracted from taxable income as research and experimentation  
8           deductions. These deductions resulted in savings in current (cash) income tax expense and  
9           reduced the NND cost tax basis for future tax depreciation. SCE&G subsequently recorded  
10          an additional liability ADIT amount when it terminated the project and subtracted the  
11          remaining NND cost from taxes as an abandonment deduction. These deductions reduced  
12          the NND cost tax basis to \$0. In other words, between the research and experimentation  
13          and the abandonment loss deductions, the liability ADIT reflects the income tax savings  
14          from deducting the entire NND cost during construction and at termination of the project.

15   **Q.   WAS SCE&G ABLE TO ACTUALLY USE THE ENTIRETY OF THE RESEARCH**  
16   **AND EXPERIMENTATION AND ABANDONMENT DEDUCTIONS TO REDUCE**  
17   **CURRENT (CASH) INCOME TAX EXPENSE?**

18   **A.**           No. It was able to use the research and experimentation deductions during  
19          construction, but it was not able to fully utilize the abandonment loss in 2017. It carried  
20          back a portion of the loss to 2016 and has a carryforward at the end of 2017 that it will be

able to utilize against taxable income in 2018 and subsequent years.<sup>38</sup> The asset NOL ADIT reflects the unused abandonment loss carryforward.

**Q. DESCRIBE HOW SCE&G ALLOCATED LIABILITY ADIT TO THE IMPAIRMENT LOSSES THAT IT RECORDED FOR NND COSTS AND REGULATORY ASSETS IN SEPTEMBER AND DECEMBER 2017.**

**A.** SCE&G allocated the liability ADIT on the margin based on the impairment losses that it recorded compared to the total NND costs and regulatory assets. This allocation was based on the principle that the tax deductions should be allocated between the allowed and disallowed costs under the assumption that the disallowed cost deductions were taken on the margin against taxable income.

**Q. DESCRIBE HOW SCE&G PLANS TO ALLOCATE LIABILITY ADIT TO THE ADDITIONAL IMPAIRMENT LOSSES THAT IT WILL RECORD FOR NND COSTS UNDER THE MERGER CBP AS SHOWN IN EXHIBIT 14 TO THE APPLICATION.**

**A.** SCE&G plans to allocate additional liability ADIT to the additional impairment losses under the assumption that the disallowed cost deductions were taken on the margin against taxable income. This is consistent with SCE&G's allocation of the liability ADIT to the impairment losses that actually were recorded in 2017.

**Q. ARE THE ACTUAL AND PROPOSED SCE&G ALLOCATIONS OF THE LIABILITY ADIT REASONABLE?**

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<sup>38</sup> Response to AIR 7-12. I have attached a copy of this response as my Exhibit LK-13.

1    **A.**            Yes. The income tax effects should follow the ratemaking treatment of the NND  
2           costs.

3    **Q.    WHY IS THIS ALLOCATION SIGNIFICANT?**

4    **A.**            The allocation is significant because it affects the liability ADIT that is subtracted  
5           from and the asset ADIT that is added to rate base in the CCR Rider, as well as the  
6           amortization of the related excess ADIT in the CCR Rider, as recommended by ORS, or in  
7           the NND Tax Rider, as proposed by the Applicants.

8                    In their Application, the Applicants state that “any deferred tax liability associated  
9           with the tax abandonment of the NND Project shall reduce the NND Project cost to be  
10          recovered from SCE&G customers.”<sup>39</sup> However, that is not how SCE&G has allocated  
11          and reflected the income tax effects of the actual impairment losses on its financial  
12          statements. That is not how the Applicants have modeled the income tax effects of the  
13          additional impairment losses on SCE&G’s financial statement under the Merger CBP in  
14          Exhibit 14 attached to their Application.

15                   In addition, it is significant because the Applicants propose that the asset NOL  
16          ADIT be allocated entirely to the allowed NND costs and that none be allocated to the  
17          disallowed NND costs.<sup>40</sup> The Applicants’ proposed allocation of the deductions for the  
18          asset NOL ADIT is inconsistent with the principle that SCE&G has applied to the  
19          deductions for the liability ADIT. As I discuss in the following section in greater detail,  
20          the allocation of the deductions between the allowed NND costs compared to the

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<sup>39</sup> Application at 27.

<sup>40</sup> Response to AIR 7-13. I have attached a copy of this response as my Exhibit LK-14.

disallowed NND costs should be consistent between the liability ADIT and the asset NOL ADIT.

**Allocation of Asset NOL Deferred Income Taxes to Allowed NND Abandonment Costs**

**Q. DESCRIBE THE APPLICANTS' PROPOSAL TO RECOVER A RETURN ON THE ASSET NOL ADIT.**

**A.** The Applicants propose to recover a return on the entire amount of the SCE&G asset NOL throughout the NND cost recovery period until it is utilized and reduced to \$0.<sup>41</sup> They propose that the entire amount of the asset NOL be included in the NND rate base under the proposed No Merger BP or the Merger CBP where it will earn a grossed-up rate of return.<sup>42</sup> They propose that the asset NOL be increased for any additional losses and reduced as SCE&G is able to utilize it on a standalone tax return basis under the No Merger BP or as Dominion is able to utilize it on its consolidated income tax return under the Merger CBP.

**Q. IS THE ENTIRE AMOUNT OF THE SCE&G ASSET NOL ADIT DUE TO THE INCOME TAX DEDUCTIONS FOR THE ALLOWED NND COSTS?**

**A.** No. The Applicants propose no reduction in the asset NOL ADIT for the tax effects of the impairment losses that SCE&G already has taken against taxable income and propose no reduction for the additional impairment losses that SCE&G will take against taxable income under the Merger CBP.<sup>43</sup> Yet, all of the impairment deductions that

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<sup>41</sup> *Id.*

<sup>42</sup> Application at 43.

<sup>43</sup> Response to AIR 7-14. I have attached a copy of this response as my Exhibit LK-15.

1 contributed to the liability ADIT also contributed on the same basis to the NOL  
2 carryforward and the asset NOL ADIT.

3 **Q. IS THE APPLICANTS' PROPOSAL REASONABLE?**

4 **A.** No. It is not reasonable. It improperly increases the NOL ADIT included in the  
5 Applicants proposed CCR Rider and the resulting revenue requirement. The NOL ADIT  
6 conceptually is an offset to the liability ADIT to reflect the circumstance where deductions  
7 against taxable income have not resulted in a reduction in current (cash) income tax  
8 expense and are carried forward to future years when the deductions (losses) can be used.  
9 The asset NOL ADIT measures the income tax effect of the deductions that have not yet  
10 resulted in a reduction in current (cash) income tax expense.

11 The research and experimentation and abandonment loss deductions on the entirety  
12 of the NND costs were reflected in the liability ADIT. The Applicants claim that these  
13 deductions were on the margin, meaning that there would be no NOL carryforward and no  
14 asset NOL ADIT but for the NND cost deductions.<sup>44</sup>

15 SCE&G already has reduced the liability ADIT for the impairment losses taken in  
16 2017 and that it will take in 2018 if there are additional impairment losses. In other words,  
17 SCE&G assumes that there was and will be no tax deductions and no liability ADIT for  
18 the impairment losses reflected in the ratemaking recovery of NND costs. Yet, the  
19 Applicants argue that these same deductions caused an increase in the NOL carryforward  
20 and the asset NOL ADIT and that this tax effect of the impairment losses should be  
21 reflected in the ratemaking recovery of NND costs.

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<sup>44</sup> Response to AIR 7-13.



**Q. WHAT IS THE REASONABLE ALLOCATION OF THE ASSET NOL ADIT BETWEEN THE ALLOWED NND COSTS AND THE DISALLOWED NND COSTS?**

**A.** The asset NOL ADIT should be reduced to reflect the same assumption made by the Company that the deductions for the disallowed NND costs were on the margin and that the liability ADIT should be reduced to reflect this fact.

**Q. ASIDE FROM THE APPLICANTS' FAILURE TO PROPERLY ALLOCATE THE ASSET NOL ADIT, DID THE APPLICANTS CORRECTLY CALCULATE THE AMOUNT OF ASSET NOL ADIT UNDER THE PROPOSED MERGER CBP?**

**A.** No. The Applicants' calculation of the NOL ADIT is significantly understated because they failed to reflect the deduction for the one-time refund of \$1,300 million in 2018 under their proposed Merger CBP.<sup>45</sup> Their proposed refund will increase the NOL carryforward by \$1,300 million from \$1,999 million calculated by the Applicants to \$3,299 million and increase the asset NOL ADIT by \$363 million at December 31, 2018. In turn, this will increase the CCR Rider revenue requirement until the NOL carryforward is fully utilized and the asset NOL ADIT reduced to \$0 many years into the future compared to Exhibit 14 to the Application.

**Q. WHAT ARE YOUR RECOMMENDATIONS?**

**A.** I recommend that the Commission calculate the asset NOL ADIT based on the allowed NND costs in the same manner as the liability ADIT is calculated for the allowed NND costs. In other words, the Commission should reduce the asset NOL ADIT in the

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<sup>45</sup> Response to AIR 1-116. I have attached a copy of this response as my Exhibit LK-16.

1 same manner that it reduces the liability ADIT. I also recommend that the Commission  
2 exclude the effects of the increase in the asset NOL ADIT if it authorizes the one-time  
3 refund of \$1,300 million under the Applicants' proposed Merger CBP because this is an  
4 unnecessary, avoidable, and undisclosed cost of the Applicants' proposed one-time refund.

5 **Q. WHAT IS THE AMOUNT OF THE ASSET NOL ADIT THAT SHOULD BE**  
6 **INCLUDED IN THE CCR RIDER RATE BASE AT DECEMBER 31, 2018?**

7 **A.** The asset NOL ADIT that should be included in the CCR Rider rate base will be  
8 approximately \$67.1 million at December 31, 2018 using the methodology that I describe,  
9 although this amount is contingent on the Commission's determination of the allowed  
10 NND costs and SCE&G's taxable income in 2018. The SCE&G taxable income in 2018  
11 will reduce the actual NOL carryforward at December 31, 2017 and the related asset NOL  
12 ADIT.

13 **III. RATEMAKING RECOVERY OF ALLOWED NND ABANDONMENT COSTS**  
14 **LESS REGULATORY LIABILITIES**

15 **Q. DESCRIBE THE APPLICANTS' PROPOSAL FOR RECOVERING THE**  
16 **ALLOWED NND COSTS UNDER THE NO MERGER BP.**

17 **A.** The Applicants do not propose a CCR Rider to recover the allowed NND costs  
18 under the No Merger BP. Instead, the Applicants propose to continue the present revised  
19 rates at an annual target revenue of \$413 million until rates are reset in a future base rate  
20 proceeding to include the NND costs. However, the Applicants propose to re-characterize  
21 the \$413 million so that it represents a return of (amortization) over 50 years and a return  
22 on the unamortized NND costs, although without specifically identifying each of the  
23 components of the revenue requirement. The Applicants also propose a base rate reduction

of 3.5%, or approximately \$83 million, that will remain in effect until rates are reset in a future base rate proceeding.<sup>46</sup>

**Q. DESCRIBE THE APPLICANTS' PROPOSAL FOR RECOVERING THE ALLOWED NND COSTS UNDER THE MERGER CBP.**

**A.** The Applicants propose a CCR Rider to recover the allowed NND costs and amortize the proposed \$575 million regulatory liability to refund previously collected revised rates.<sup>47</sup> The Applicants' CCR Rider includes a return on rate base and amortization expense over 20 years. The return is based on a fixed capital structure of 52.81% common equity and 47.19% long term debt, a cost of equity of 10.25% and a cost of long-term debt of 5.85%. The return includes a gross-up for federal and state income taxes. The rate base includes the allowed NND costs less liability ADIT plus the asset NOL ADIT. The amortization expense is reduced by a total of \$575 million over the first eight years under the Merger proposal; however, the Applicants do not propose that the revised rate refund be subtracted from rate base.

**Q. DESCRIBE IN MORE DETAIL THE APPLICANTS' PROPOSAL TO REDUCE AMORTIZATION EXPENSE BY \$575 MILLION IN THE FIRST EIGHT YEARS UNDER THE MERGER CBP.**

**A.** The Applicants propose a partial levelization of the revenue requirements in the first eight years of the recovery by amortizing the proposed \$575 million regulatory liability on a declining basis over those eight years so that the revenue requirement is the

<sup>46</sup> Application at Exhibit 10.

<sup>47</sup> Application at 46-47 and Exhibit 12.

1 same over each of the eight years. Thereafter, the revenue requirement declines each year  
2 to match the declining the cost curve.

3 **Q. IS THE CONCEPT OF THE APPLICANTS' PROPOSED CCR RIDER**  
4 **REASONABLE?**

5 **A.** Yes, although ORS recommends changes in some of the specifics to the form of  
6 the proposed CCR Rider, as well as significant changes to the NND costs and regulatory  
7 liabilities that are included and the effects of the TCJA. Nevertheless, a CCR Rider is a  
8 reasonable form of recovery regardless of whether the Commission authorizes the proposed  
9 Merger. A CCR Rider ensures that SCE&G recovers the allowed NND costs less  
10 regulatory liabilities and a return on the unamortized costs, no more and no less. It also  
11 allows the Commission to monitor any proposed changes to the costs included in the CCR  
12 Rider and to true-up the actual recovery to the allowed recovery.

13 **Q. WHAT CHANGES DOES THE ORS RECOMMEND TO THE FORM OF THE**  
14 **APPLICANTS' PROPOSED CCR RIDER?**

15 **A.** I recommend that the Commission adopt a CCR Rider that calculates the recovery  
16 of allowed NND costs less related regulatory liabilities over a 20-year period on a levelized  
17 or annuitized basis regardless of whether it finds the proposed Merger in the public interest  
18 and that it does not harm customers.<sup>48</sup> I recommend that the Commission reflect the ORS  
19 recommendation for allowed NND costs in the CCR Rider, as calculated by ORS witness  
20 Mr. Kelvin Majors, consistent with the recommendations of ORS witness Mr. Gary Jones.

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<sup>48</sup> I note that the ORS recommendations for allowed NND costs, regulatory liabilities, and liability ADIT are the same regardless of whether the proposed Merger is implemented. The ORS recommendations for asset NOL ADIT are not substantially different regardless of whether proposed Merger is implemented. In contrast, the Applicants' No Merger

1 I recommend that the Commission subtract all regulatory liabilities from rate base  
2 that I have identified and described in conjunction with the ORS CCR Rider  
3 recommendations. Alternatively, I recommend that the Commission subtract the \$575  
4 million regulatory liability for the credit of revised rates if the Applicants' CCR Rider is  
5 adopted in lieu of the ORS recommendations.

6 I recommend that the Commission include the lesser of the actual NOL ADIT each  
7 year of the CCR Rider allocated to the allowed NND costs using the methodology that I  
8 recommend or the remaining balance of the actual NOL ADIT at December 31, 2018  
9 amortized straight line over 10 years and allocated to the allowed NND cost using the  
10 methodology that I recommend.

11 I recommend that the Commission include all effects of the TCJA on the NND costs  
12 included in the CCR Rider and reject the Applicants' proposed separate NND Tax Rider.  
13 I recommend that the Commission modify the income tax gross-up on the equity return, if  
14 any, to reflect any future changes in the federal or state income tax rates during the recovery  
15 period.

16 I recommend that the Commission include an annual true-up of the actual  
17 recoveries compared to the allowed recoveries.

18 In addition, I recommend that the Commission reduce the return on equity to 9.1%  
19 from the Applicants' proposed 10.25% return on equity. ORS witness Mr. Richard  
20 Baudino addresses the return on equity.

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BP and Merger CBP have substantially different proposed NND costs, regulatory liabilities, liability ADIT, and asset NOL ADIT.

Further, I recommend that the Commission reduce the cost of long-term debt to 5.56% to reflect the two issuances of new long-term debt in August 2017.

Finally, I recommend that the Commission reflect a securitized debt only rate of return in conjunction with a directive to refinance the NND cost if there is enabling legislation, without reduction for the regulatory liabilities and the liability ADIT or addition for the asset NOL ADIT. The regulatory liabilities and net liability ADIT should earn a grossed-up rate of return based on the fixed cost of capital, including equity and long-term debt. This directive will maximize the amount of securitization financing and minimize the costs to customers.

**Q. WHY SHOULD THE COMMISSION CALCULATE THE RECOVERY ON A LEVELIZED BASIS OVER THE ENTIRE 20-YEAR RECOVERY PERIOD?**

**A.** The primary reason is that it minimizes the recovery in the initial years of the recovery period. Another reason is that it fixes the recovery at the same level over each of the 20 years in the recovery period. The normal cost curve is at the peak in the first year and then declines to \$0 as the rate base is depreciated/amortized and the return component of the revenue requirement declines. Yet another reason is that levelized recovery is consistent with securitization financing.

**Q. IF THERE IS ENABLING LEGISLATION FOR SECURITIZATION OF THE ALLOWED NND COST, WHY SHOULD THE COMMISSION DIRECT SCE&G TO REFINANCE AND SECURITIZE ONLY THE NND COST?**

**A.** This will maximize the savings from securitization if the NND cost is not reduced by the regulatory liabilities and the net liability ADIT. This will minimize the revenue requirement to customers through the CCR Rider. The NND cost will be subject to a

1 securitization debt only rate of return, while the regulatory liabilities and net liability ADIT  
2 subtracted from rate base will provide customers a greater rate of return, consistent with  
3 the savings in financing costs based on the grossed-up rate of return, including equity and  
4 non-securitized long-term debt.

5 **IV. CUSTOMER RATE EFFECTS OF ORS RECOMMENDATIONS COMPARED TO**  
6 **APPLICANTS' NO MERGER BP AND MERGER CBP**

7 **Comparison of ORS Ratemaking Recommendations to Applicants' No Merger BP**  
8 **and Merger CBP**

9 **Q. HOW SHOULD THE COMMISSION COMPARE THE IMPACT OF THE ORS**  
10 **RECOMMENDATIONS TO THE APPLICANTS' NO MERGER AND MERGER**  
11 **PROPOSALS?**

12 **A.** The ORS recommendations and Applicants' proposals have significantly different  
13 impacts on customers after consideration of the form of recovery and the determination of  
14 the allowed NND cost, regulatory liabilities, form and cost of financing (fixed rate of  
15 return, including equity and long-term debt, or debt only securitization), and the effects of  
16 income tax savings resulting from the TCJA and Merger savings if the Merger is approved  
17 and implemented.

18 The impact on customers is best measured using the net present value of the future  
19 revenue requirements of the ORS recommendations compared to the Applicants' proposals  
20 under the respective No Merger BP and Merger CBP, although there may be additional  
21 qualitative factors that the Commission may wish to consider.

**Q. COMPARE THE CUSTOMER IMPACTS OF THE ORS RATEMAKING RECOMMENDATIONS TO THE APPLICANTS' NO MERGER BP AND MERGER CBP RATEMAKING PROPOSALS.**

**A.** I summarize the customer impacts on the tables and graph in the Summary section of my testimony. In addition, I provide a comparison of the costs to be recovered and the rate base in the following tables under the ORS recommendations and the Applicants' proposals.

SUMMARY OF RECOVERABLE COSTS AND ANNUAL AMORTIZATION SOUTH CAROLINA RETAIL \$ MILLION				
	ORS Recommend	ORS Securitiz	SCE&G No Merger	Dom Merger
Prudent and Allowed NND Costs	2,683.7	2,683.7	4,023.8	3,138.6
Less: Reg Liab for Toshiba Proceeds	(1,060.5)	(1,060.5)	(1,010.0)	0.0
Less: Reg Liab for Return on Toshiba Proceeds	(106.1)	(106.1)	0.0	0.0
Less: Reg Liab for Refund of Revised Rates	(392.0)	(392.0)	0.0	(575.0)
Less: Reg Liab for Return on Ref of Revised Rates	(37.3)	(37.3)	0.0	0.0
Less: Reg Liab for Excess Liab ADIT Bef Gross-Up	(181.0)	(181.0)	(400.8)	(417.4)
Less: Reg Liab for Excess Liab ADIT Gross-Up	(60.2)	(60.2)	(133.3)	(138.8)
Add: Reg Asset for Excess Asset NOL ADIT Bef Gross-Up	47.0	47.0	294.8	294.8
Add: Reg Asset for Excess Asset NOL ADIT Gross-Up	15.6	15.6	98.0	98.0
Total Recoverable Costs bef One-Time Refund	909.3	909.3	2,872.5	2,400.2
Annual Amortization of Recoverable Costs bef One-Time Refund	45.5	45.5	57.4	120.0
One-Time Refund				(1,300.0)



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SUMMARY OF RATE BASE AT DECEMBER 31, 2018 SOUTH CAROLINA RETAIL \$ MILLION				
	ORS Recommend	ORS Securitiz	SCE&G No Merger	Dom Merger
Prudent and Allowed NND Costs	2,683.7	2,683.7	4,023.8	3,138.6
Less: Reg Liab for Toshiba Proceeds	(1,060.5)	(1,060.5)	(1,010.0)	0.0
Less: Reg Liab for Return on Toshiba Proceeds	(106.1)	(106.1)	0.0	0.0
Less: Reg Liab for Refund of Revised Rates	(392.0)	(392.0)	0.0	0.0
Less: Reg Liab for Return on Ref of Revised Rates	(37.3)	(37.3)	0.0	0.0
Less: Liability ADIT @21%	(257.1)	412.5	(751.9)	(783.1)
Less: Reg Liab for Excess Liab ADIT (Bef Gross-Up)	(181.0)	(181.0)	(400.8)	(417.4)
Add: NOL ADIT @21%	18.0	0.0	503.5	797.0
Add: Reg Asset for Excess Asset NOL ADIT (Bef Gross-Up)	47.0	47.0	294.8	294.8
Total Rate Base	714.8	1,366.3	2,659.3	3,029.9

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### **Customer Impacts of ORS Recommendations**

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**Q. DESCRIBE YOUR QUANTIFICATIONS OF THE RATEMAKING EFFECTS OF THE ORS RATEMAKING AND FORM OF RECOVERY RECOMMENDATIONS FOR THE NND COST AND REGULATORY LIABILITIES.**

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**A.** I developed a series of schedules to calculate the annual revenue requirements resulting from the ORS recommendations and the levelized recovery over 20 years using a fixed cost of capital consisting of equity and long-term debt.<sup>49</sup> These schedules include the effects of the TCJA on the income tax expense reflected in the grossed-up rate of return and amortization of the excess liability ADIT and the excess asset NOL ADIT related to the allowed NND costs and regulatory liabilities.

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<sup>49</sup> Refer to my Exhibit LK-17.

**Q. DESCRIBE GENERALLY THE CALCULATIONS SHOWN ON THESE SCHEDULES.**

**A.** These schedules calculate rate base, return on rate base, including income taxes, amortization expense, nominal revenue requirement, and the net present value revenue requirement.

**Q. WHAT IS THE LEVELIZED ANNUAL RECOVERY OF THE NND COST AND REGULATORY LIABILITIES THROUGH THE CCR RIDER BASED ON THE ORS RECOMMENDATIONS?**

**A.** The levelized annual recovery is \$86.2 million regardless of whether the Merger is implemented or not. The ORS recommends additional, but separate, rate reductions for the base rate effects of the TCJA, Merger savings, and the one-time refund of the regulatory liability for the tax savings from the TCJA in 2018. I discuss these additional rate reductions in subsequent sections of my testimony.

**Q. IF THERE IS ENABLING LEGISLATION AND THE COMMISSION DIRECTS SCE&G TO SECURITIZE THE ALLOWED NND COSTS, WHAT IS THE LEVELIZED ANNUAL RECOVERY THROUGH THE CCR RIDER?**

**A.** The levelized annual recovery ranges from \$35.3 million to \$52.4 million regardless of whether the Merger is implemented.<sup>50</sup> The difference in these amounts is due to the range of potential interest rates and the estimated cost of the make-whole payments to reacquire and redeem outstanding long-term debt with the securitization proceeds.

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<sup>50</sup> Refer to my Exhibits LK-18 and LK-19.

1 **Q. WHAT ACTION SHOULD THE COMMISSION TAKE ON PRESENT REVISED**  
2 **RATES?**

3 **A.** I recommend that the Commission terminate the \$413.0 million reflected in present  
4 revised rates to provide a return on the NND costs incurred through June 30, 2016. I also  
5 recommend that the Commission terminate the \$367.4 million credit reflected in  
6 experimental rates effective on the same date as it terminates the present revised rates.

7 **Customer Impacts of Applicants' Proposed No Merger BP and Merger CBP**

8 **Q. DESCRIBE YOUR QUANTIFICATIONS OF THE RATEMAKING EFFECTS OF**  
9 **THE APPLICANTS' PROPOSED NO MERGER BP AND MERGER BP**  
10 **RATEMAKING AND FORM OF RECOVERY RECOMMENDATIONS FOR THE**  
11 **NND COST AND REGULATORY LIABILITIES.**

12 **A.** I developed a series of schedules to calculate the annual revenue requirements  
13 resulting from each of the Applicants' proposals based on their Application and Exhibits,  
14 witness Direct Testimonies, and responses to ORS discovery.

15 I calculated the annual effects of the proposed No Merger BP on a revenue  
16 requirement basis, including the effects of the TCJA, and consistent with the proposal to  
17 continue present revised rates at a target revenue of \$413.0 million less a temporary base  
18 rate reduction of approximately \$83.0 million until rates are reset, presumably in 2021.<sup>51</sup>

19 I calculated the annual effects of the Applicants' proposed Merger CBP by  
20 combining their proposed CBP Rider and NND Tax Rider into a single modified CBP

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<sup>51</sup> Refer to my Exhibit LK-20.

1 Rider. I also corrected the Applicants' proposed Merger CBP for a significant error in their  
2 calculation of the asset NOL ADIT.<sup>52</sup>

3 Finally, I calculated the net present value and the effects of levelizing (annuitizing)  
4 the Applicants' No Merger BP and Merger CBP to allow comparison on a consistent basis,  
5 even though the Applicants do not propose levelization over their 50 year and 20 year  
6 amortization periods, respectively.

7 **Q. WHAT IS THE LEVELIZED ANNUAL RECOVERY OF THE NND COST AND**  
8 **REGULATORY LIABILITIES FOR THE APPLICANTS' PROPOSED NO**  
9 **MERGER BP AND MERGER CBP?**

10 **A.** The levelized annual recovery for the proposed No Merger BP is \$270.6 million for  
11 50 years.<sup>53</sup> The levelized annual recovery for the proposed Merger CBP is \$144.7 million  
12 for 20 years.<sup>54</sup> As noted previously, the Applicants do not propose levelized recovery, but  
13 this calculation provides a consistent basis for comparison among the various ORS and  
14 Applicant proposals.

15 In fact, the Applicants' proposals vary significantly in their actual annual recovery.  
16 Under the No Merger BP, the annual recoveries are approximately \$330 million for 2019  
17 and 2020, increase to \$336.1 million in 2021, and then decline annually over the next 47  
18 years.<sup>55</sup>

19 Under the Merger CBP, including the effects of the proposed NND Tax Rider, the  
20 annual recovery is a refund/rate reduction of \$966.6 million (\$1,300 million one-time

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<sup>52</sup> Refer to my Exhibit LK-21.

<sup>53</sup> Refer to my Exhibit LK-20.

<sup>54</sup> Refer to my Exhibit LK-21.

<sup>55</sup> Refer to my Exhibit LK-20.

refund net of \$333.4 million recovery through CCR Rider) for 2019, \$333.4 million through the CCR Rider for 2020 through 2026, and then a declining annual recovery over the next 12 years.<sup>56</sup>

## **V. REGULATORY LIABILITY FOR DEFERRAL OF BLRA TRANSMISSION**

### **REVENUE REQUIREMENT**

**Q. DESCRIBE THE ORS RECOMMENDATION TO DEFER THE BLRA TRANSMISSION REVENUE REQUIREMENT.**

**A.** I recommend that the Commission terminate all BLRA transmission cost recovery reflected in present revised rates and that it direct SCE&G to defer the entirety of the revenue requirement, including the return, depreciation, operation and maintenance expenses, insurance expense, and property tax expense. This will result in a reduction in present revised rates of \$32 million on the date when rates are reset in this proceeding.

**Q. DESCRIBE THE APPLICANT'S PROPOSAL TO DEFER THE BLRA TRANSMISSION REVENUE REQUIREMENT NOT INCLUDED IN PRESENT RATES.**

**A.** The Applicants describe their proposal as follows:

Transmission projects associated with the NND Project will be closed to rate base and removed from the NND Project costs. The related revenue of approximately \$32 million per year currently being recovered in base rates will continue to be recovered through base rates notwithstanding the Merger. The associated depreciation, operating and maintenance costs will be captured in a regulatory asset, including a return, for future rate recovery.<sup>57</sup>

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<sup>56</sup> Refer to my Exhibit LK-21.

<sup>57</sup> Application at 26-27.

The Application subsequently clarified that the rate of return sought is the “weighted average cost of long-term debt,”<sup>58</sup> although it does not indicate whether this would be the same as the fixed cost of long-term debt that it proposed in the fixed cost of capital to be applied to allowed NND costs in its proposed CCR Rider.

**Q. DOES THE ORS RECOMMEND THAT THE COMMISSION ADOPT THE APPLICANTS’ PROPOSAL?**

**A.** No. I recommend that the Commission terminate revised rates that presently recover a return on the BLRA transmission CWIP at June 30, 2016. Instead of present rate recovery, I recommend that the Commission direct SCE&G to defer the entirety of the BLRA transmission revenue requirement until base rates are reset to include these costs. This will provide the Commission an opportunity to review the prudence of these costs and to determine the appropriate ratemaking for those costs in that future proceeding.

**Q. HAVE THE APPLICANTS PROVIDED A TEMPLATE OR A DETAILED DESCRIPTION OF THE CALCULATIONS IN SUPPORT OF THEIR PROPOSED DEFERRAL?**

**A.** No. The Applicants have not provided a template or described how they propose to calculate the deferrals. Their description of the proposal is very generalized and does not address what test year will be used, whether it will be based on a historic test year or projected test year, whether the deferred costs will be reduced for the related ADIT before the return is applied, what long-term debt rate of return will be used, or how the O&M expenses will be tracked, assuming that they can be tracked and not allocated from all

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<sup>58</sup> Application at 42.

O&M expense included in the various transmission O&M expense accounts, whether any administrative and general (“A&G”) expenses will be allocated, among other issues that affect the quantifications of the deferrals.

**Q. IF THE COMMISSION AGREES WITH ORS’S RECOMMENDATION TO DEFER THE ENTIRETY OF THE BLRA TRANSMISSION REVENUE REQUIREMENT OR AGREES WITH THE APPLICANTS’ PROPOSAL, SHOULD IT SPECIFY HOW THE DEFERRALS WILL BE CALCULATED?**

**A.** Yes. I recommend that the Commission specify how the deferrals will be calculated so there is no ambiguity regardless of whether the ORS recommendation or Applicants’ proposal is adopted. The methodology affects the amount of the deferrals. The entirety of the revenue requirement will be deferred under the ORS recommendation. If instead the Commission adopts the Applicants’ proposal to continue to recover the \$32 million in revised rates, then the Commission should direct the Company to defer only the revenue requirement in excess of the monthly amounts collected in revised rates.

I recommend that the rate base be calculated at the end of the prior month. I recommend that the Commission include only the BLRA transmission costs that are in-service and no longer earning AFUDC. I recommend that the rate base be reduced for accumulated depreciation and the related ADIT, both the ADIT due to the plant related temporary differences and the ADIT due to the deferrals. I recommend that the return on rate base be set at the actual cost of long-term debt at the end of the prior month, including current maturities. I recommend that the depreciation be calculated on the gross plant at the end of the prior month using the approved transmission depreciation rates for each transmission plant account. I recommend that the O&M expense reflect only incremental

1 and directly tracked O&M and A&G expense, and specifically exclude any allocations of  
2 transmission O&M or A&G expenses and any nonrecurring expense.

3 In addition, I recommend that the Commission specifically reserve the right to  
4 review the prudence of the incremental BLRA transmission costs and the related deferrals  
5 in the next base rate proceeding.

6 **Q. WHY SHOULD THE COMMISSION USE THE COST OF LONG-TERM DEBT**  
7 **FOR THE RETURN ON THE BLRA TRANSMISSION RATE BASE?**

8 **A.** There are several reasons. First, the Applicants themselves propose a long-term  
9 debt rate of return for the deferrals under the proposed Merger CBP.<sup>59</sup>

10 Second, SCE&G has no right to defer any operating expenses or the return on rate  
11 base absent Commission authorization. The Commission has discretion whether to grant  
12 the accounting authority to defer costs until they are reflected in rates and the discretion to  
13 determine the costs that may be deferred, including the return on those costs, if any.

14 Third, SCE&G cannot defer an equity rate of return after construction is complete  
15 under GAAP; it can defer only a debt rate of return for accounting and financial reporting  
16 purposes, regardless of whether the Commission authorizes a full rate of return for  
17 ratemaking purposes.

18 Fourth, a long-term debt rate of return is a sufficient rate of return to avoid an  
19 indirect impairment loss resulting from a Commission decision to authorize something less  
20 than a long-term debt rate of return.

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<sup>59</sup> Application at paragraph 105.



**VI. INCOME TAX SAVINGS RESULTING FROM THE FEDERAL TAX CUTS AND  
JOBS ACT**

**Q. DESCRIBE GENERALLY THE EFFECTS OF THE TCJA ENACTED INTO LAW  
IN LATE DECEMBER 2017.**

**A.** There are two primary effects of the federal TCJA that are relevant in this proceeding. The first effect is a reduction in income tax expense due to the reduction in the maximum federal corporate income tax rate from 35% to 21% effective January 1, 2018. The second is a reduction in the ADIT to reflect the lower income tax rate and the amortization of the “excess” liability ADIT as a negative amortization expense and an amortization of the excess asset NOL ADIT as a positive amortization expense.

**Q. HAS SCE&G REDUCED ELECTRIC BASE AND/OR REVISED RATES TO  
REFLECT THESE REDUCTIONS IN THE REVENUE REQUIREMENT?**

**A.** No. SCE&G has not reduced base rates or revised rates to reflect these reductions in the revenue requirement, although it has deferred a portion of the savings as a regulatory liability since January 1, 2018.<sup>60</sup> The Applicants propose a one-time bill credit under the No Merger BP and an increase in the one-time rate credit under the Merger CBP to credit or refund this regulatory liability to customers.<sup>61</sup>

**Q. DESCRIBE THE APPLICANTS’ PROPOSAL TO REDUCE RATES TO  
REFLECT THE TAX SAVINGS FROM THE TCJA.**

**A.** The Applicants propose a Tax Rider for the base rates and revised rates income tax expense savings and amortization of the excess liability ADIT and excess asset NOL ADIT

<sup>60</sup> Direct Testimony of SCE&G witness Ms. Iris Griffin at 52.

<sup>61</sup> *Id.*, 53.

under the No Merger BP.<sup>62</sup>

The Applicants propose a modified Tax Rider and a separate NND Tax Rider under the Merger CBP. The Tax Rider is for the base rates only income tax expense savings and amortization of the excess liability ADIT. The separate NND Tax Rider is for the income tax expense savings and amortization of the excess liability and asset NOL ADIT related to the NND costs. The Applicants do not specifically address the effects of the TCJA on the BLRA transmission costs included in revised rates under the proposed Merger CBP.

**Q. SHOULD THE EFFECTS OF THE TCJA ON THE NND COSTS INCLUDED IN REVISED RATES BE REFLECTED IN THE TAX RIDER IF THERE IS NO MERGER?**

**A.** No. I recommend that the Commission adopt a CCR Rider to recover the NND costs less regulatory liabilities regardless of whether there is a Merger. I also recommend that the effects of the TCJA on the recovery of these costs be reflected in the CCR Rider.

**Q. IS THERE ANY NEED FOR A SEPARATE NND TAX RIDER UNDER THE MERGER CBP?**

**A.** No. I recommend that the Commission reject the proposed separate NND Tax Rider. A separate NND Tax Rider is unnecessary and confusing. The elimination of the NND costs from and the resulting reduction in the revised rates will address the tax savings related to the return on those NND costs and the CCR Rider will reflect the lower federal income tax rate now in effect by its terms, including the income tax gross-up on the equity return and the amortization of the excess ADIT.

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<sup>62</sup> Direct Testimony of SCE&G witness Mr. Allen W. Rooks at 8-9.

**Q. IS THERE A NEED TO SEPARATELY ADDRESS THE EFFECTS OF THE TCJA ON THE BLRA TRANSMISSION COSTS INCLUDED IN REVISED RATES?**

**A.** Yes. I recommend that the effects of the TCJA on the BLRA transmission costs be addressed in the BLRA transmission cost deferrals, rather than in the proposed Tax Rider or a potentially separate Transmission Tax Rider. I address this issue in greater detail in the BLRA transmission costs section of my testimony.

**Q. DESCRIBE SCE&G'S CALCULATION OF THE SAVINGS IN INCOME TAX EXPENSE AND THE AMORTIZATION OF THE EXCESS LIABILITY AND ASSET ADIT IN THE PROPOSED TAX RIDER.**

**A.** The Company calculated a rate reduction of \$67 million for the proposed Tax Rider to reflect the tax savings for the base rates and BLRA transmission revised rates, consisting of \$44 million for the reduction in income tax expense and \$23 million for the amortization of excess ADIT.<sup>63</sup> The Company used calendar year 2017 for its calculations and proposes to hold this amount constant for 2019 and 2020.<sup>64</sup>

**Q. IS THE COMPANY'S CALCULATION OF THE BASE RATE TAX SAVINGS FOR THE PROPOSED TAX RIDER REASONABLE?**

**A.** No. The Company's calculation of the income tax savings and the amortization of the excess ADIT is understated. First, the Company's calculation does not reflect the tax savings compared to the income tax expense recovered in present base rates and the BLRA transmission costs included in revised rates. Instead, the calculation uses a different test

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<sup>63</sup> Excel spreadsheet provided in response to URR #7 Question 5, at tabs labeled Summary and Base with Transmission Gross-Up.

<sup>64</sup> *Id.*

1 year that reflects different rate base, cost of capital, revenues, and expense amounts.  
2 Consequently, the Applicants' proposal to use the 2017 calendar year to calculate the tax  
3 savings diminishes those savings compared to the income tax expense that is recovered in  
4 base rates due to increases in its cost of service since base rates were last reset. In other  
5 words, the Applicants' proposal allows SCE&G to retain a portion of the tax savings to  
6 offset increases in its cost of service. This proceeding is limited to the recovery of the  
7 NND costs, TCJA savings, and the proposed merger. This proceeding is not a general rate  
8 case.

9 Second, the Company's calculation of the amortization of the excess ADIT  
10 unnecessarily uses the average rate assumption methodology ("ARAM") for "unprotected"  
11 plant book/tax basis differences, which reduces the amortization of this component of the  
12 excess ADIT based on the remaining service lives of the plant assets using the ARAM  
13 compared to the five-year amortization period and straight-line amortization method used  
14 for all other unprotected excess ADIT. The Company provided the excess ADIT as of  
15 December 31, 2017 and the revenue equivalent of the estimated amortization for 2018 in  
16 response to ORS discovery separated into protected (method/life depreciation on plant),  
17 unprotected plant, and unprotected all other.<sup>65</sup>

18 Third, the Company's calculation assumes that it will continue to collect \$32  
19 million for the return on BLRA transmission costs in revised rates. In contrast to this  
20 assumption, ORS recommends that the Company defer the entire BLRA revenue

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<sup>65</sup> Excel spreadsheet provided in response to URR #7 Question 4, tab Detail Calculation.

1 requirement, which would reflect the tax savings in the deferral, not in the Tax Rider  
2 proposed by the Applicants.

3 **Q. DESCRIBE THE EXCESS ADIT COMPONENTS AND THE RELATED**  
4 **AMORTIZATION METHODOLOGY AND PERIODS.**

5 **A.** The amortization of the excess ADIT is dependent on whether the amount is  
6 considered “protected” or “unprotected” and the related amortization periods. The TCJA  
7 and the Internal Revenue Code (“IRC”) of 1986 designate only the excess ADIT related to  
8 method/life tax depreciation differences as protected. All other excess ADIT is unprotected  
9 even if it is related to plant book/tax basis differences. The amortization methodology and  
10 period are prescribed by the TCJA for the protected excess ADIT based on the ARAM.  
11 The amortization methodology and period for the unprotected excess ADIT is discretionary  
12 and will be prescribed by the Commission.

13 **Q. HOW SHOULD THE TAX SAVINGS BE CALCULATED?**

14 **A.** The base rates tax savings and the BLRA transmission tax savings should be  
15 calculated and addressed separately. The base rates tax savings should be based on the  
16 total income tax expense that is recovered in present base rates plus an amortization of the  
17 excess liability ADIT. The income tax expense included in present base rates can be  
18 determined from the income tax expense and the underlying calculations in Docket No.  
19 2012-218-E, which relied on a 2011 test year. The income tax expense included in base  
20 rates in that proceeding then should be escalated (or de-escalated) to 2018 and future years  
21 based on the growth (or reduction) in retail kWh sales since the 2011 test year in that  
22 proceeding.

1           The protected excess ADIT should be amortized using the ARAM, as the Company  
2           proposes. However, *all* unprotected excess ADIT should be amortized straight line over  
3           five years, including the excess ADIT related to the “unprotected” plant book/tax basis  
4           differences.

5   **Q.   HAVE YOU QUANTIFIED THE BASE RATE EFFECTS OF THE TCJA ON**  
6   **ELECTRIC CUSTOMERS?**

7   **A.**       Yes. The effect on the base revenue requirement is an annual Tax Rider credit of  
8           \$98.7 million, consisting of \$52.2 million for the income tax expense savings and \$46.5  
9           million for the amortization of excess ADIT.

10 **Q.   DO YOU RECOMMEND THAT THE COMMISSION REVISE THE AMOUNTS**  
11 **REFLECTED IN THE TAX RIDER EACH YEAR?**

12 **A.**       Yes. I recommend that the Commission revise the amounts in the Tax Rider each  
13           year until the tax savings are reflected in base rates. More specifically, I recommend that  
14           the Commission increase the income tax expense savings by escalating the savings for kWh  
15           sales growth each year compared to the prior year and to reflect the increases in the  
16           amortization expense for the protected excess ADIT and any other changes in the  
17           amortization expense for the unprotected excess ADIT.

18           In addition, I recommend that the Commission reject the Applicants’ proposal to  
19           limit the Tax Rider to two years. It should remain in effect until base rates are reset.

20 **Q.   DOES THE COMPANY’S PROPOSED ONE-TIME CREDIT FOR THE TAX**  
21 **SAVINGS REGULATORY LIABILITY ACCRUED SINCE JANUARY 1, 2018**  
22 **SUFFER FROM THE SAME INFIRMITIES AS THE APPLICANTS’ PROPOSED**  
23 **TAX RIDER?**

1     **A.**           Yes. The Company's proposed one-time credit for the tax savings regulatory  
2           liability also is understated. The tax savings regulatory liability should reflect the reduction  
3           in income tax expense included in base rates, not the reduction in income tax expense for  
4           calendar year 2017. In addition, it should reflect the amortization of the protected excess  
5           ADIT because this amortization expense is required pursuant to GAAP. It should not  
6           reflect the amortization of the unprotected excess ADIT because this amortization expense  
7           is not required nor allowed under GAAP or the FERC USOA until the Commission directs  
8           the Company to amortize the unprotected excess ADIT.<sup>66</sup>

9     **Q.       SHOULD THE ONE-TIME CREDIT ALSO INCLUDE THE REVISED RATES**  
10    **TAX SAVINGS IN ADDITION TO THE BASE RATES TAX SAVINGS?**

11    **A.**           Yes. The income tax expense reflected in revised rates reflects the prior 35%  
12           federal income tax rate. In its directive to defer the tax savings due to the TCJA, the  
13           Commission did not limit the regulatory liability for the tax savings to base rates. It  
14           required the utilities to defer "any impacts of the new law." The Commission stated:

15                   To ensure that all utilities account for these changes in a similar manner,  
16                   beginning January 1, 2018, regulatory accounting treatment is required for  
17                   all regulated utilities for any impacts of the new law including current and  
18                   deferred tax impacts. Therefore, the utilities should track and defer the  
19                   effects resulting from the Tax Act in a regulatory liability account.<sup>67</sup>

20    **Q.       WHAT IS YOUR RECOMMENDATION?**

21    **A.**           I recommend that the Commission direct the Company to refund the regulatory  
22           liability in the first billing cycle after the effective date of the rates in this proceeding. I

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<sup>66</sup> The Company has deferred the amortization of protected excess ADIT to the regulatory liability and has not started amortization of unprotected excess ADIT. Responses to AIR 4-80 and 4-81, respectively.

<sup>67</sup> Order No. 2018-308 issued on April 25, 2018 in Docket No. 2017-381-A at page 1.

1 recommend that the Commission calculate the regulatory liability since January 1, 2018  
2 based on the savings in income tax expense recovered in present base rates and in revised  
3 rates plus the amortization of the protected excess ADIT. This is the same calculation that  
4 I recommend for the Tax Savings Rider, except to add the savings in income tax expense  
5 recovered in revised rates and except for the amortization of the unprotected excess ADIT.

6 **Q. WHAT IS THE EFFECT OF YOUR RECOMMENDATION FOR A ONE-TIME**  
7 **REFUND?**

8 **A.** The effect is a one-time refund of \$68.2 million, assuming that the Commission  
9 adopts the ORS recommendation for the refund of revised rates. If instead, the  
10 Commission limits the refund of revised rates to the return on the disallowed NND costs  
11 included in revised rates, then the one-time refund increases to \$79.5 million.

## 12 **VII. MERGER SAVINGS**

13 **Q. HAVE THE APPLICANTS DEVELOPED AN ESTIMATE OF MERGER**  
14 **SAVINGS TO DATE?**

15 **A.** No. In response to ORS discovery, the Applicants claim that they have not yet  
16 developed detailed integration plans or an estimate of Merger savings.<sup>68</sup>

17 **Q. DOES DOMINION PLAN TO ACHIEVE ECONOMIES BY INTEGRATING THE**  
18 **FUNCTIONS PRESENTLY PERFORMED BY SCANA SERVICES, INC. INTO**  
19 **DOMINION ENERGY SERVICES, INC.?**

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<sup>68</sup> Response to AIR 4-14. I have attached a copy of this response as my Exhibit LK-22.



1     **A.**             Yes. The Applicants state the following in their Application:

2             SCANA Services currently employs 1,751 individuals. These employees  
3             perform shared or common services functions for all SCANA business  
4             units, including SCE&G. Some of these services (including investor  
5             relations, governance, finance, treasury, tax, accounting, legal, information  
6             technology, telecommunications, insurance, purchasing, contracting,  
7             environmental management, safety, audit, and human resources) will be  
8             provided in the future through Dominion Energy Services, Inc. ("DES"),  
9             rather than SCANA Services, by current DES employees or by current  
10            employees of SCANA who move under DES after the Merger.<sup>69</sup>

11           The Applicants state the following in response to discovery:

12           SCANA entities will benefit from efficiencies and economies of scale  
13           associated with participating in Dominion's centralized services company  
14           model. As a result of its larger size and buying power, Dominion energy  
15           expects to be able, over time, to reduce administrative expense received by  
16           SCE&G, although SCANA and Dominion energy have not yet determined  
17           the synergies that will result when these shared services are combined.<sup>70</sup>

18     **Q.       DOES DOMINION HAVE A HISTORY OF ACHIEVING SIGNIFICANT**  
19     **SAVINGS AFTER IT ACQUIRES ANOTHER UTILITY HOLDING COMPANY**  
20     **OR UTILITY?**

21     **A.**             Yes. I reviewed the savings that Dominion actually achieved in two prior  
22             acquisitions of regulated natural gas distribution utilities, East Ohio Gas (now Dominion  
23             East Ohio) and Hope Natural Gas (now Dominion Hope).<sup>71</sup> The savings were very  
24             significant after each acquisition. In 1999, prior to its acquisition by Dominion, East Ohio  
25             incurred \$270.1 million in non-gas O&M/A&G expenses. In 2001, the year after its  
26             acquisition by Dominion, Dominion East Ohio incurred \$201.1 million in non-gas  
27             O&M/A&G expenses, a reduction of 26%. In 2002, the second year after the acquisition,

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<sup>69</sup> Application at 17.

<sup>70</sup> Response to AIR 3-13. I have attached a copy of this response as my Exhibit LK-23.

<sup>71</sup> Response to AIR 7-8. I have attached a copy of the narrative portion of this response as my Exhibit LK-24

1 Dominion East Ohio incurred \$159.1 million in non-gas O&M/A&G expenses, a  
2 cumulative reduction of 41% in annual expenses.

3 In 1999, prior to its acquisition by Dominion, Hope incurred \$42.8 million in non-  
4 gas O&M/A&G expenses. In 2001, the year after its acquisition by Dominion, Dominion  
5 Hope incurred \$37.5 million in non-gas O&M/A&G expenses, a reduction of 12%. In  
6 2002, the second year after the acquisition, Dominion Hope incurred \$29.2 million in non-  
7 gas O&M/A&G expenses, a cumulative reduction of 32% in annual expenses.

8 **Q. WHAT IS A REASONABLE ESTIMATE OF THE SAVINGS THAT DOMINION**  
9 **MAY ACHIEVE IF THE COMMISSION APPROVES THE MERGER?**

10 **A.** I estimate that the annual savings could be \$100 million or more, of which the  
11 electric savings could be \$70 million or more. In 2016, SCANA Services, Inc. charged  
12 SCE&G \$319.5 million for its services, of which \$243.1 million was electric and \$76.4  
13 million was gas. In 2017, SCANA Services, Inc. charged SCE&G \$291.6 million, of which  
14 \$212.1 million was electric and \$79.8 million was gas.<sup>72</sup> I estimate annual savings of 33%  
15 or more based on Dominion's achieved savings when it acquired East Ohio Gas and Hope  
16 Natural Gas.

17 **Q. WHAT IS YOUR RECOMMENDATION?**

18 **A.** I recommend that the Commission provide a rate reduction through a Merger  
19 Savings Rider to electric customers of \$35 million in the first 12 months after the Merger  
20 closes and \$70 million annually thereafter until the effective date of SCE&G next base rate  
21 case when such savings will be reflected in the revenue requirement.

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<sup>72</sup> Response to AIR 7-9. I have attached a copy of this response as my Exhibit LK-27.

**VIII. MERGER CONDITIONS<sup>73</sup>**

**ORS Does Not Oppose The Proposed Merger, Subject to Commitments and Conditions Including The ORS Ratemaking Recommendations, Necessary to Ensure The Public Interest Is Protected And Customers Are Not Harmed**

**Q. WHAT IS POSITION OF ORS ON THE PROPOSED MERGER?**

**A.** ORS does not oppose the proposed Merger, subject to various additional conditions necessary to ensure that the public interest is protected and customers are not harmed.<sup>74</sup> ORS recommends significant changes to the Applicants' proposed Merger CBP, as I previously described. These include various recommendations regarding the recovery of allowed NND costs less related regulatory liabilities and TCJA savings, as well as various recommendations for conditions necessary to protect the public interest and ensure that customers are not harmed.

ORS recognizes that Dominion offers significant financial resources and economies of scale that should result in improved service and lower costs to customers, subject to the various additional conditions that I and other ORS witnesses recommend.

**Q. HAVE THE APPLICANTS PROVIDED A COMPREHENSIVE LIST OF THEIR MERGER COMMITMENTS IN A SINGLE EXHIBIT OR DOCUMENT?**

**A.** No. The Applicants have not provided a comprehensive list. The Applicants have addressed some Merger commitments in the narrative portion of the Application and the

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<sup>73</sup> Because the Applicants have linked together the Merger with the resolution and recovery of allowed abandonment costs, and other regulated matters within the jurisdiction and control of this Commission, ORS recommends Merger conditions in addition to its recommendation that Merger savings be reflected in lower rates.

<sup>74</sup> Commission approval may not be required for mergers or acquisitions at the holding company level, which Applicants acknowledge (Application at 2). If the Commission does not have or exercise jurisdiction to approve the Merger, then Applicants seek a finding that the Merger is in the public interest or does not harm customers (Application at 2).

exhibits to the Application, some in their Direct Testimonies, and some in response to ORS discovery. Other commitments can be inferred based on their proposed accounting for merger costs and their plan to adhere to various FERC requirements set forth in FERC Docket No. PL15-3-000.

**Q. HAVE YOU DEVELOPED A COMPREHENSIVE LIST OF THE APPLICANTS' MERGER COMMITMENTS IN A SINGLE DOCUMENT?**

**A.** Yes. In addition, I have separated these commitments into categories for ease of reference and use these categories to address the Applicants' commitments and any additional conditions that are necessary to ensure that the Merger is in the public interest and does not harm customers.<sup>75</sup>

**Q. ARE THERE MODIFICATIONS TO THESE COMMITMENTS AND ADDITIONAL CONDITIONS THAT ARE NECESSARY TO PROTECT THE PUBLIC INTEREST AND ENSURE THAT CUSTOMERS ARE NOT HARMED?**

**A.** Yes. Some of these modifications and additional conditions include ratemaking recovery of costs already incurred as well as costs that may be incurred in the future. Some include affiliate transactions, including transactions with Dominion affiliates that are not regulated by the Commission. Some include local management and access to regulatory and technical personnel, as well as local access to SCE&G's and all affiliate accounting books and records. Some include state and local community employment as Dominion transitions the functions presently performed by SCANA Services, Inc. to Dominion

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<sup>75</sup> Refer to my Exhibit LK-25.

Energy Services, Inc. Some include credit quality and service quality concerns, which are addressed by Mr. Baudino.

**Q. HAVE YOU DEVELOPED A COMPREHENSIVE LIST OF THE COMMITMENTS AND CONDITIONS THAT YOU AND OTHER ORS WITNESSES RECOMMEND THE COMMISSION ADOPT?**

**A.** Yes.<sup>76</sup> This list includes the commitments offered by the Applicants, as modified by the ORS, and the additional commitments and conditions that are recommended by ORS. This list follows the same structure and includes the same categories as the list that I developed for the Applicants' commitments.

**Ratemaking Conditions Related to Recovery of NND Costs and Related Regulatory Liabilities, Tax Savings, and Merger Savings**

**Q. ARE THE ORS RATEMAKING RECOMMENDATIONS NECESSARY AND APPROPRIATE CONDITIONS?**

**A.** Yes. These ratemaking conditions are necessary to ensure that the Merger is in the public interest, that customers are not harmed, and that the rate impacts on customers are minimized. The ORS ratemaking recommendations achieve those objectives and ensure that the costs recovered are prudent, just and reasonable, correctly calculated, and minimized.

The ORS ratemaking recommendations for the recovery of NND costs and related regulatory liabilities and for the tax savings due to the TCJA, including the one-time base rates and revised rates refund for the TCJA savings in 2018, are the same regardless of

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<sup>76</sup> Refer to my Exhibit LK-26.

1 whether the Commission approves the Merger. The ORS ratemaking recommendation for  
2 the Merger savings is dependent on the Merger.

3 The Commission should not concede any of these recommendations in response to  
4 Dominion's threat to terminate the Merger if there is any material change in the Merger  
5 CBP or the Merger value.<sup>77</sup> If Dominion terminates the Merger, then customers potentially  
6 lose the value of the Merger savings through the Merger Savings Rider. Dominion loses  
7 its opportunity to acquire SCANA Corporation and SCE&G. Dominion has indicated that  
8 it is willing to increase the value of the Merger to customers, or conversely, to reduce the  
9 value either to it or SCANA's shareholders, according to a published report describing  
10 offers to legislators to increase the one-time refund to customers by approximately \$300  
11 million.

12 As S.C. lawmakers finalized their plans to cut SCE&G's electric rates this  
13 spring, the Cayce-based utility and Virginia-based Dominion Energy made  
14 a last-ditch effort to avoid the Legislature's ax, proposing to sweeten their  
15 deal for SCE&G electric customers.

16  
17 That offer would have increased to \$1,530 from \$1,000 the average amount  
18 that Dominion refunded to SCE&G's residential electric customers for  
19 higher bills they have paid because of a failed nuclear construction project.

20  
21 The two utilities told state Senate leaders they would provide up to \$300  
22 million more in refunds for SCE&G's residential electric customers if  
23 lawmakers killed their rate-cut bill and agreed to support Dominion's  
24 buyout of SCE&G's parent company, SCANA, Senate Majority Leader  
25 Shane Massey told The State.<sup>78</sup>

26 If Dominion determines that the ORS recommendations will result in a material  
27 change that reduces the economic value, then the remedy is to reduce the Dominion equity

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<sup>77</sup> Application at 2-3.

<sup>78</sup> Reported in *The State* on July 20, 2018.

1 issued to acquire SCANA Corporation; the remedy is not to increase the SCE&G  
2 ratemaking recovery and the costs to SCE&G electric customers.

3 **Q. ARE THERE ADDITIONAL CONCERNS RELATED TO THE RECOVERY OF**  
4 **NND COSTS?**

5 **A.** Yes. SCE&G has committed that it will not seek recovery of additional NND costs  
6 incurred after September 30, 2017 and it has written off all costs related to the project since  
7 that date. I recommend that the Commission formally recognize this commitment and  
8 adopt it as a condition.

9 However, this SCE&G commitment apparently does not extend to any additional  
10 costs that may be incurred due to recent claims by the South Carolina Department of  
11 Revenue for sales tax on the NND costs. SCE&G claims that it “is unable to indicate at  
12 this time whether it will seek to recover any such sales tax on the NND construction costs  
13 from retail customers.”<sup>79</sup>

14 In addition, it is not clear whether SCE&G will seek recovery if it incurs demolition  
15 or decommissioning costs related to the abandoned physical assets at some later date,  
16 perhaps decades into the future, and perhaps as a component of future Unit 1 demolition  
17 and decommissioning costs.

18 I recommend that the Commission specifically preclude recovery of these costs  
19 through the CCR Rider or otherwise and modify the Company’s commitment to reflect this  
20 determination.

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<sup>79</sup> Response to AIR 7-25. I have attached a copy of this response as my Exhibit LK-28.

**Ratemaking Conditions Related to Base Rate Freeze**

**Q. DESCRIBE THE APPLICANTS' COMMITMENT TO FREEZE BASE RATES UNDER THE MERGER CBP.**

**A.** The Applicants propose to freeze base rates through 2020 under the Merger CBP.

In his Direct Testimony, Dominion witness Mr. James Chapman states:

Except for rate adjustments for fuel and environmental costs, demand side management costs and other rates routinely adjusted on an annual or biannual basis, SCE&G will commit to freezing retail electric base rates at current levels until January 1, 2021.

**Q. IS THIS A REASONABLE CONDITION?**

**A.** Yes. This provides electric customers protection against further base rate increases for the next two years.

**Q. IS THIS A SUFFICIENT CONDITION?**

**A.** No. The proposed condition does not limit or preclude SCE&G from seeking deferrals for costs that historically have been recovered through base rates. SCE&G should not be able to circumvent the commitment to freeze rates by seeking and obtaining authorization for new deferrals of costs so that it can recover those costs in future rates.

**Q. WHAT IS YOUR RECOMMENDATION?**

**A.** I recommend that the Commission modify the Applicants' proposed condition to preclude seeking new deferrals for costs that historically have been recovered through base rates for the same two-year period.

**Ratemaking Conditions Related to Merger Acquisition Premium, Goodwill, Transaction, and Transition Costs**

**Q. DESCRIBE ACQUISITION PREMIUM OR GOODWILL COSTS.**



1     **A.**             The Applicants rely on the accounting definition of these terms as follows.

2             As defined in Accounting Standards Codification Topic 805, *Business*  
3             *Combinations*, goodwill is an asset representing the future economic  
4             benefits arising from other assets acquired in a business combination that  
5             are not individually identified and separately recognized. The terms  
6             goodwill and acquisition premium are used interchangeably for ratemaking  
7             purposes. Goodwill will not be determined until the closing date of the  
8             transaction at which time it will be based on the fair value of SCANA's  
9             identifiable assets and liabilities as determined by a third-party valuation.<sup>80</sup>

10    **Q.     HAVE THE APPLICANTS AGREED THAT THEY WILL NOT RECORD ANY**  
11    **ACQUISITION PREMIUM OR GOODWILL COSTS DUE TO THE MERGER ON**  
12    **SCE&G'S ACCOUNTING BOOKS OR SEEK RETAIL RATEMAKING**  
13    **RECOVERY OF THESE COSTS?**

14    **A.**             Yes. The Applicants state that "Dominion Energy will not record any portion of  
15             the purchase price allocation adjustments (fair value adjustments including goodwill)  
16             associated with the Merger on SCANA or SCE&G's books and is planning to make the  
17             required accounting entries associated with the Merger on that basis."<sup>81</sup>

18             In addition, the Applicants state that "Neither SCANA nor SCE&G will seek  
19             recovery of any acquisition premium (goodwill) or any other fair value adjustments  
20             associated with the Merger from its customers."<sup>82</sup>

21    **Q.     SHOULD THE COMMISSION FORMALLY ADOPT THIS AGREEMENT AS A**  
22    **CONDITION TO FINDING THAT THE MERGER IS IN THE PUBLIC INTEREST**  
23    **AND DOES NOT HARM CUSTOMERS?**

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<sup>80</sup> Response to AIR 4-4. I have attached a copy of this response as my Exhibit LK-29.

<sup>81</sup> *Id.*.

<sup>82</sup> *Id.*

1     **A.**             Yes. This is a “hold harmless” condition that is necessary to protect customers  
2             from any acquisition premium or any other fair value adjustments associated with the  
3             Merger. In addition, the Commission should specifically include the definition of these  
4             terms in the condition so that there is no ambiguity in future ratemaking proceedings.

5     **Q.     DESCRIBE TRANSACTION COSTS.**

6     **A.**             The Applicants provide the following definition of transaction costs.  
7                     Transaction costs include costs incurred in connection with completion of  
8                     the acquisition by Dominion Energy, Inc. of the equity interests of SCANA  
9                     Corporation, including costs of obtaining all necessary regulatory approvals  
10                    for the merger. Examples of such costs include legal fees and expenses,  
11                    regulatory filing fees and costs of developing and pursuing regulatory  
12                    approvals, accounting fees, costs related to securities issuances and proxy  
13                    solicitations, financial advisory fees and investment banking fees.<sup>83</sup>

14    **Q.     HAVE THE APPLICANTS AGREED THAT THEY WILL NOT RECORD ANY**  
15    **TRANSACTION COSTS ON SCE&G’S ACCOUNTING BOOKS OR SEEK**  
16    **RETAIL RATEMAKING RECOVERY OF THESE COSTS?**

17    **A.**             Yes. The Applicants agree that that SCE&G will not seek retail ratemaking  
18             recovery of transaction or transition costs.<sup>84</sup> The Applicants make the following general  
19             statement regarding their intent to not seek recovery of any costs associated with the  
20             Merger.

21                    In accordance with the Federal Energy Regulatory Commission’s (“FERC”) Policy Statement on Hold Harmless Commitments issued in Docket No. PL15-3-000, SCANA, SCE&G and Dominion do not plan to recover, and will not seek recovery of, transaction and integration costs associated with the proposed merger. Accounting processes have been established to

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<sup>83</sup> Response to AIR 4-8. I have attached a copy of this response as my Exhibit LK-30.

<sup>84</sup> Responses to AIR 3-12, 3-15, 3-16. I have attached a copy of these response as my Exhibit LK-31.

1 ensure these costs are captured in a manner so that they are excluded from  
2 rate recovery.<sup>85</sup>

3 In addition, the Applicants state the following specifically with respect to  
4 transaction costs:

5 Any transaction costs related to the merger will be incurred and expensed  
6 at the respective Dominion Energy, Inc. and SCANA Corporation corporate  
7 (Holding Company) level. As such, SCE&G will not seek recovery of these  
8 costs from customers. Neither Dominion Energy, Inc. nor SCANA  
9 Corporation have specific FERC financial reporting requirements at the  
10 Holding Company level, although SCANA Corporation does maintain its  
11 Holding Company general ledger utilizing the FERC Uniform System of  
12 Accounts. As such, these transaction costs have been and are being recorded  
13 on SCANA's general ledger to account 426.5 - Other Deductions which is  
14 a below-the-line nonutility account number. Regardless of the account  
15 number used at either the Dominion Energy or SCANA Holding Company  
16 level, these costs are not passed down to any Dominion or SCANA  
17 subsidiary company. Similarly, due to the nature of the costs incurred, some  
18 may originate at Dominion Energy Services, Inc. (DES) or SCANA  
19 Services, Inc. (SSCO) and will be charged to the respective Holding  
20 Company.<sup>86</sup>

21 **Q. SHOULD THE COMMISSION FORMALLY ADOPT THIS AGREEMENT AS A**  
22 **CONDITION TO FINDING THAT THE MERGER IS IN THE PUBLIC INTEREST**  
23 **AND DOES NOT HARM CUSTOMERS?**

24 **A.** Yes. This is another “hold harmless” condition that is necessary to protect  
25 customers from any transaction costs to plan and implement the Merger. In addition, the  
26 Commission should specifically include the definition of this term in the condition so that  
27 there is no ambiguity in future ratemaking proceedings.

28 **Q. DESCRIBE TRANSITION COSTS.**

29 **A.** The Applicants provide the following definition of transition costs.

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<sup>85</sup> Response to AIR 3-17. I have attached a copy of this response as my Exhibit LK-32.

<sup>86</sup> *Id.*

1 Transition costs are generally costs arising from the activities necessary to  
2 integrate the purchased entity into the acquiring entity. Examples of  
3 transition costs include those related to, but not limited to, the integration of  
4 financial, IT, human resource, billing, accounting, and telecommunications  
5 systems and processes. Other costs could include severance payments to  
6 employees and costs related to changes to signage, changes to employee  
7 benefit plans and termination of any duplicative leases, contracts,  
8 operations, etc.<sup>87</sup>

9 **Q. HAVE THE APPLICANTS AGREED THAT THEY WILL NOT RECORD ANY**  
10 **TRANSITION COSTS ON SCE&G'S ACCOUNTING BOOKS OR SEEK RETAIL**  
11 **RATEMAKING RECOVERY OF THESE COSTS?**

12 **A.** Yes. In addition to the general statement regarding recovery of transaction and  
13 transition (integration) costs that I previously cited, the Applicants state the following:

14 Generally, transition costs related to the merger will be incurred and  
15 expensed at the respective Dominion Energy, Inc. and SCANA Corporation  
16 corporate (Holding Company) level and will not be pushed down or charged  
17 to SCE&G or any other SCANA or Dominion subsidiary company. As such,  
18 SCE&G will not seek recovery of these costs from customers. Neither  
19 Dominion Energy, Inc. nor SCANA Corporation have specific FERC  
20 financial reporting requirements at the Holding Company level, although  
21 SCANA Corporation does maintain its Holding Company general ledger  
22 utilizing the FERC Uniform System of Accounts. Accordingly, these  
23 transition costs have been and are being recorded on SCANA's general  
24 ledger to account 426.5 - Other Deductions which is a below-the-line  
25 nonutility account number. Similarly, due to the nature of the costs incurred,  
26 some may originate at Dominion Energy Services, Inc. (DES) or SCANA  
27 Services, Inc. (SSCO) and will be charged to the respective Holding  
28 Company. Any transition costs and one-time charges attributable to the  
29 Customer Benefits Plan that are required to be recorded on the books of  
30 SCE&G under Generally Accepted Accounting Principles will be reflected  
31 on SCE&G's books below-the-line in FERC account 426.5 - Other  
32 Deductions to ensure the amounts are excluded from rate recovery.<sup>88</sup>

<sup>87</sup> Response to AIR 4-11. I have attached a copy of this response as my Exhibit LK-33.

<sup>88</sup> *Id.*

**Q. SHOULD THE COMMISSION FORMALLY ADOPT THIS AGREEMENT AS A  
CONDITION TO FINDING THAT THE MERGER IS IN THE PUBLIC INTEREST  
AND DOES NOT HARM CUSTOMERS?**

**A.** Yes. This is yet another “hold harmless” condition that is necessary to protect customers from costs incurred to integrate the holding companies, service companies and SCE&G. In addition, the Commission should specifically include the definition of these terms in the condition so that there is no ambiguity in future ratemaking proceedings.

**Conditions Affecting the Cost of New Generating Capacity**

**Q. DESCRIBE THE APPLICANTS’ COMMITMENT TO EXCLUDE THE COST OF  
THE COLUMBIA ENERGY CENTER FROM RATE BASE.**

**A.** The Applicants have agreed to permanently exclude the cost of the Columbia Energy Center from rate base and rate recovery under both the No Merger BP and the Merger CBP. The Applicants state:

The approximately \$180 million initial capital investment in the Columbia Energy Center, a 540-MW combined-cycle, natural gas-fired power plant located in Gaston, South Carolina, will be excluded from rate base and rate recovery, with only the ongoing costs such as fuel costs, operations and maintenance expense, and maintenance or improvement capital investments associated with the plant to be recovered in future base and fuel rates.

**Q. IS THIS A REASONABLE COMMITMENT?**

**A.** Yes.

**Q. WHAT IS YOUR RECOMMENDATION?**

**A.** The Commission should affirm this commitment and direct the Company to exclude the cost of the Columbia Energy Center from rate base and all related costs from

operating expenses, including, but not limited to, depreciation expense, and property tax expense, if any.

**Conditions Affecting Affiliate Transactions**

**Q. HAVE THE APPLICANTS OFFERED ANY COMMITMENTS REGARDING AFFILIATE TRANSACTIONS?**

**A.** Only one. The Applicants offer the following commitment:

Dominion Energy does not permit any lending of cash or other capital from a utility subsidiary to any other entity within the Dominion Energy family (in other words, there is no “money pool” for these regulated utility subsidiaries).<sup>89</sup>

**Q. IS THIS A NECESSARY OR APPROPRIATE CONDITION?**

**A.** No. There is no inherent concern with the use of a properly structured money pool among utility subsidiaries of a utility holding company. The concern is if the utility is a guarantor of the debt of the holding company or another affiliate. However, this commitment does not address that concern.

**Q. WHAT IS YOUR RECOMMENDATION?**

**A.** I recommend that the Commission adopt the following condition:

SCE&G shall not be the guarantor of any debt of Dominion or any other Dominion affiliates.

**Q. SHOULD THE COMMISSION ADOPT OTHER CONDITIONS REGARDING AFFILIATE TRANSACTIONS?**

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<sup>89</sup> Direct Testimony of James R. Chapman at 7.

1     **A.**             Yes. First, Dominion has indicated that it has no intent to restructure or realign  
2             SCE&G businesses, most importantly, the gas distribution business, within other  
3             Dominion entities.<sup>90</sup> However, that does not provide the Commission an opportunity to  
4             review and approve or modify any such future proposal prior to its implementation.

5             Second, Dominion Services, Inc; does not presently charge its affiliates a return on  
6             rate base.<sup>91</sup> Nor does SCANA Services, Inc. charge SCE&G a return on rate base.<sup>92</sup> This  
7             is beneficial to customers. However, there is nothing that would preclude Dominion  
8             Services, Inc. from unilaterally changing its Cost Allocation Manual (“CAM”) to include  
9             such charges to its affiliates, including SCE&G.

10            Third, the NARUC standard for affiliate transactions is to limit charges from a  
11            service company to a utility to the lower of cost or market and to set charges from the utility  
12            to a non-utility affiliate at the greater of cost or market. These are beneficial customer  
13            protections.

14     **Q.     DO YOU RECOMMEND THAT THE COMMISSION ADOPT CONDITIONS**  
15     **THAT WILL PRESERVE THESE BENEFITS AND PROTECTIONS?**

16     **A.**             Yes. I recommend that the Commission adopt the following conditions:

- 17            1.     SCE&G shall make a filing with the Commission to seek approval for any structural  
18                    reorganization and shall not implement such reorganization until the Commission  
19                    issues an order approving, rejecting, or modifying the planned reorganization.  
20
- 21            2.     Dominion Services, Inc. shall not modify its CAM or its affiliate billing practices  
22                    to charge SCE&G a rate of return on rate base.  
23
- 24            3.     Dominion Energy, SCE&G, and its affiliates shall abide by the following standards  
25                    regarding affiliate transactions as set forth in the NARUC’s Guidelines for Cost

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<sup>90</sup> Response to AIR 6-42. I have attached a copy of this response as my Exhibit LK-34.

<sup>91</sup> Response to AIR 6-41. I have attached a copy of this response as my Exhibit LK-35.

<sup>92</sup> Response to AIR 6-40. I have attached a copy of this response as my Exhibit LK-36.

1 Allocations and Affiliate Transactions unless as otherwise directed by the  
2 Commission.

- 3 a. Generally, the price for services, products and the use of assets provided by a  
4 regulated entity to its non-regulated affiliates should be at the higher of fully  
5 allocated costs or prevailing market prices. Under appropriate circumstances,  
6 prices could be based on incremental cost, or other pricing mechanisms as  
7 determined by the regulator.
- 8 b. Generally, the price for services, products and the use of assets provided by a  
9 non-regulated affiliate to a regulated affiliate should be at the lower of fully  
10 allocated cost or prevailing market prices. Under appropriate circumstances,  
11 prices could be based on incremental cost, or other pricing mechanisms as  
12 determined by the regulator.
- 13 c. Generally, transfer of a capital asset from the utility to its non-regulated affiliate  
14 should be at the greater of prevailing market price or net book value, except as  
15 otherwise required by law or regulation. Generally, transfer of assets from an  
16 affiliate to the utility should be at the lower of prevailing market price or net  
17 book value, except as otherwise required by law or regulation. To determine  
18 prevailing market value, an appraisal should be required at certain value  
19 thresholds as determined by regulators.
- 20 d. Entities should maintain all information underlying affiliate transactions with  
21 the affiliated utility for a minimum of three years, or as required by law or  
22 regulation.

23 **Q. ARE THERE CONCERNS THAT SCE&G MAY PREFERENTIALLY**  
24 **PURCHASE PRODUCTS AND SERVICES FROM DOMINION AFFILIATES**  
25 **WHEN COMPETITIVE ALTERNATIVES EXIST?**

26 **A.** Yes. There are valid concerns that after the Merger, SCE&G may preferentially  
27 purchase products and services from Dominion affiliates when other unaffiliated third-  
28 party competitive suppliers may offer comparable products or services with the same or  
29 greater reliability and at a lower cost. These products and services could include natural  
30 gas supply, transportation, and storage, all of which are competitively available from  
31 unaffiliated third-party suppliers. If the Merger is implemented, Dominion will have  
32 substantial vertical market power, including the purchase of natural gas at the wellhead,



transportation of gas to SCE&G's distribution system, supply to existing natural gas electric generation plants, selection and siting of new electric generation plants, and retail sale of electric power and natural gas to end use customers.

**Q. WHAT IS YOUR RECOMMENDATION TO ADDRESS THIS CONCERN?**

**A.** I recommend that the Commission adopt the following condition:

SCE&G shall not engage in improper self-dealing with other Dominion affiliates where there are competitive alternatives, such as the sourcing of natural gas supplies and transportation and storage services; in such circumstances, SCE&G shall competitively source its services or products using a "least cost" standard. SCE&G shall be required to maintain records and shall have the burden to prove that transactions with a competitive affiliate were sourced competitively and at least cost.

**Conditions Regarding Local Management, Headquarters, and Local Access to Books and Records**

**Q. HAVE THE APPLICANTS OFFERED ANY COMMITMENTS REGARDING LOCAL MANAGEMENT, HEADQUARTERS, AND ACCESS TO BOOKS AND RECORDS?**

**A.** Yes. The Applicants offer the following commitments:

Dominion Energy will manage SCE&G from an operations standpoint as a separate regional business under Dominion Energy with responsibility for making decisions that achieve the objectives of customer satisfaction, reliable service, customer, public, and employee safety, environmental stewardship, and collaborative and productive relationships with customers, regulators, other governmental entities, and interested stakeholders.<sup>93</sup>

Dominion Energy will maintain SCE&G's headquarters in Cayce, South Carolina.<sup>94</sup>

The Commission will continue to exercise its regulatory authority over SCE&G in the same way it does today, thereby ensuring continued

<sup>93</sup> Direct Testimony of Dominion witness Robert M. Blue at 16-18.

<sup>94</sup> *Id.*

1 protection of the interests of South Carolina customers. In addition, officers  
2 and employees of Dominion Energy, including SCE&G local management,  
3 will continue to be accessible to regulators and lawmakers, including the  
4 Commission. As part of this and future regulatory proceedings, Dominion  
5 Energy and SCE&G will continue to provide information about Dominion  
6 Energy or its other subsidiaries relevant to matters within the Commission's  
7 jurisdiction to the Commission upon request of the Commission.<sup>95</sup>

8 **Q. IS THE FIRST OF THE APPLICANTS' TWO COMMITMENTS SUFFICIENTLY**  
9 **CLEAR AND UNAMBIGUOUS?**

10 **A.** No. The first of the Applicants' two commitments is awkwardly written. More  
11 importantly, it is not clear whether Dominion Energy or SCE&G will have responsibility  
12 for local management.

13 **Q. WHAT IS YOUR RECOMMENDATION?**

14 **A.** I recommend that the commitment be rewritten so that is clear and unambiguous  
15 that SCE&G will retain responsibility for local management. I recommend that the  
16 Commission adopt the following modified commitment:

17 Dominion Energy will manage SCE&G from an operations standpoint as a separate  
18 regional business under Dominion Energy. SCE&G will retain local responsibility  
19 for making decisions that achieve the objectives of customer satisfaction, reliable  
20 service, customer, public, and employee safety, environmental stewardship, and  
21 collaborative and productive relationships with customers, regulators, other  
22 governmental entities, and interested stakeholders.

23 In addition, I recommend that the Commission adopt the commitment to retain the  
24 SCE&G headquarters in Cayce and modify the third commitment to retain local access to  
25 Dominion and SCE&G management, including local access to books and records of  
26 SCE&G so that it includes local access to the books and records of SCANA Services, Inc.,

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<sup>95</sup> Response to AIR 6-37.

and Dominion Energy Services, Inc., as well as any other affiliate that provides services to and charges SCE&G and without limitation to specific future “proceedings.”

**Conditions Regarding Local Employment**

**Q. HAVE THE APPLICANTS OFFERED ANY COMMITMENTS REGARDING LOCAL EMPLOYMENT?**

**A.** No. The Applicants have offered the following commitment regarding employee *compensation* for approximately one year after the Merger closes and consideration for *employment and promotion opportunities* within the Dominion holding company subsidiaries and other affiliates.

Dominion Energy commits to maintaining compensation levels for employees of SCANA and its subsidiaries, including SCE&G, following the closing of the merger until January 1, 2020. Further, Dominion Energy will give employees of SCANA and its subsidiaries, including SCE&G, due and fair consideration for other employment and promotion opportunities within the larger Dominion Energy organization, both inside and outside of South Carolina.<sup>96</sup>

**Q. SHOULD THE COMMISSION CONSIDER THE FACT THAT DOMINION SERVICES, INC. PLANS TO TRANSFER THE SHARED AND COMMON SERVICES PRESENTLY PERFORMED BY SCANA SERVICES, INC. AT THE CAYCE HEADQUARTERS TO DOMINION SERVICES, INC., WHICH IS HEADQUARTERED IN RICHMOND, VA.**

**A.** Yes. As I noted previously in the Merger Savings section of my testimony, Dominion plans to achieve significant economies and savings by providing shared and common services to the SCANA affiliates through Dominion Energy Services, Inc. rather

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<sup>96</sup> Direct Testimony of Robert M. Blue at 16-18.

than through SCANA Services, Inc. SCANA Services, Inc. currently employs 1,751 individuals.<sup>97</sup> The SCANA Services, Inc. functions will be transferred to Richmond, VA, and it is highly likely that many, if not most, of the SCANA Services, Inc. employees will be terminated or transferred to Richmond, VA.

**Q. WHAT IS YOUR RECOMMENDATION?**

**A.** I recommend that the Commission direct Dominion to minimize the reductions in local employment by relocating some of the Dominion Services, Inc. shared and common services functions and activities to Cayce from Richmond.

**Conditions Regarding Credit Quality**

**Q. HAVE YOU INCLUDED THE CONDITIONS REGARDING CREDIT QUALITY THAT ARE RECOMMENDED BY ORS WITNESS MR. BAUDINO ON YOUR COMPREHENSIVE LIST OF COMMITMENTS AND CONDITIONS?**

**A.** Yes.

**Conditions Regarding Service Quality**

**Q. HAVE YOU INCLUDED THE CONDITIONS REGARDING SERVICE QUALITY THAT ARE RECOMMENDED BY MR. BAUDINO ON YOUR COMPREHENSIVE LIST OF COMMITMENTS AND CONDITIONS?**

**A.** Yes.

**Q. WILL YOU UPDATE YOUR TESTIMONY BASED ON INFORMATION THAT BECOMES AVAILABLE?**

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<sup>97</sup> Application at 17.

1    **A.**            Yes. ORS fully reserves the right to revise its recommendation via supplemental  
2            testimony should new information become available not previously provided by the Joint  
3            Applicants, or from pending state and federal investigations and lawsuits.

4    **Q.    DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

5    **A.**            Yes.

# Office of Regulatory Staff

LANE KOLLEN

## EXHIBIT LIST

South Carolina Electric & Gas Company and Dominion Energy, Inc.

*Docket No. 2017-370-E*

EXHIBIT NUMBER	DESCRIPTION
LK-1	Kollen Resume and Regulatory Appearances
LK-2	AIR 6-17
LK-3	AIR 5-13
LK-4	AIR 7-15
LK-5	ASC 980-405-25-1
LK-6	AIR 7-18
LK-7	AIR 4-67
LK-8	AIR 4-70
LK-9	AIR 1-127
LK-10	AIR 4-68
LK-11	AIR 5-10(b) and AIR 7-11
LK-12	AIR 1-118
LK-13	AIR 7-12
LK-14	AIR 7-13
LK-15	AIR 7-14
LK-16	AIR 1-116
LK-17	Tab ORS Level NND From Electronic WP
LK-18	Tab ORS Securitization From Electronic WP 5.00%
LK-19	Tab ORS Securitization From Electronic WP 4.00%
LK-20	Tab SCE&G No Merger From Electronic WP
LK-21	Tab Dominion Merger From Electronic WP
LK-22	AIR 4-14
LK-23	AIR 3-13
LK-24	AIR 7-8
LK-25	Merger Commitments - Applicants
LK-26	Merger Conditions - ORS
LK-27	AIR 7-9
LK-28	AIR 7-25
LK-29	AIR 4-4
LK-30	AIR 4-8
LK-31	AIR 3-12, 3-15, 3-16
LK-32	AIR 3-17
LK-33	AIR 4-11
LK-34	AIR 6-42
LK-35	AIR 6-41
LK-36	AIR 6-40

**RESUME OF LANE KOLLEN, VICE PRESIDENT**

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**EDUCATION**

**University of Toledo, BBA**  
Accounting

**University of Toledo, MBA**

**Luther Rice University, MA**

**PROFESSIONAL CERTIFICATIONS**

**Certified Public Accountant (CPA)**

**Certified Management Accountant (CMA)**

**PROFESSIONAL AFFILIATIONS**

**American Institute of Certified Public Accountants**

**Georgia Society of Certified Public Accountants**

**Institute of Management Accountants**

Mr. Kollen has more than thirty years of utility industry experience in the financial, rate, tax, and planning areas. He specializes in revenue requirements analyses, taxes, evaluation of rate and financial impacts of traditional and nontraditional ratemaking, utility mergers/acquisition and diversification. Mr. Kollen has expertise in proprietary and nonproprietary software systems used by utilities for budgeting, rate case support and strategic and financial planning.

**RESUME OF LANE KOLLEN, VICE PRESIDENT**

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**EXPERIENCE****1986 to****Present:**

**J. Kennedy and Associates, Inc.:** Vice President and Principal. Responsible for utility stranded cost analysis, revenue requirements analysis, cash flow projections and solvency, financial and cash effects of traditional and nontraditional ratemaking, and research, speaking and writing on the effects of tax law changes. Testimony before Connecticut, Florida, Georgia, Indiana, Louisiana, Kentucky, Maine, Maryland, Minnesota, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Texas, West Virginia and Wisconsin state regulatory commissions and the Federal Energy Regulatory Commission.

**1983 to****1986:**

**Energy Management Associates:** Lead Consultant.

Consulting in the areas of strategic and financial planning, traditional and nontraditional ratemaking, rate case support and testimony, diversification and generation expansion planning. Directed consulting and software development projects utilizing PROSCREEN II and ACUMEN proprietary software products. Utilized ACUMEN detailed corporate simulation system, PROSCREEN II strategic planning system and other custom developed software to support utility rate case filings including test year revenue requirements, rate base, operating income and pro-forma adjustments. Also utilized these software products for revenue simulation, budget preparation and cost-of-service analyses.

**1976 to****1983:**

**The Toledo Edison Company:** Planning Supervisor.

Responsible for financial planning activities including generation expansion planning, capital and expense budgeting, evaluation of tax law changes, rate case strategy and support and computerized financial modeling using proprietary and nonproprietary software products. Directed the modeling and evaluation of planning alternatives including:

Rate phase-ins.

Construction project cancellations and write-offs.

Construction project delays.

Capacity swaps.

Financing alternatives.

Competitive pricing for off-system sales.

Sale/leasebacks.



**RESUME OF LANE KOLLEN, VICE PRESIDENT**

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**CLIENTS SERVED****Industrial Companies and Groups**

Air Products and Chemicals, Inc.	Lehigh Valley Power Committee
Airco Industrial Gases	Maryland Industrial Group
Alcan Aluminum	Multiple Intervenors (New York)
Armco Advanced Materials Co.	National Southwire
Armco Steel	North Carolina Industrial
Bethlehem Steel	Energy Consumers
CF&I Steel, L.P.	Occidental Chemical Corporation
Climax Molybdenum Company	Ohio Energy Group
Connecticut Industrial Energy Consumers	Ohio Industrial Energy Consumers
ELCON	Ohio Manufacturers Association
Enron Gas Pipeline Company	Philadelphia Area Industrial Energy
Florida Industrial Power Users Group	Users Group
Gallatin Steel	PSI Industrial Group
General Electric Company	Smith Cogeneration
GPU Industrial Intervenors	Taconite Intervenors (Minnesota)
Indiana Industrial Group	West Penn Power Industrial Intervenors
Industrial Consumers for	West Virginia Energy Users Group
Fair Utility Rates - Indiana	Westvaco Corporation
Industrial Energy Consumers - Ohio	
Kentucky Industrial Utility Customers, Inc.	
Kimberly-Clark Company	

**Regulatory Commissions and  
Government Agencies**

Cities in Texas-New Mexico Power Company's Service Territory  
 Cities in AEP Texas Central Company's Service Territory  
 Cities in AEP Texas North Company's Service Territory  
 Georgia Public Service Commission Staff  
 Kentucky Attorney General's Office, Division of Consumer Protection  
 Louisiana Public Service Commission Staff  
 Maine Office of Public Advocate  
 New York State Energy Office  
 Office of Public Utility Counsel (Texas)

**RESUME OF LANE KOLLEN, VICE PRESIDENT**

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**Utilities**

Allegheny Power System  
 Atlantic City Electric Company  
 Carolina Power & Light Company  
 Cleveland Electric Illuminating Company  
 Delmarva Power & Light Company  
 Duquesne Light Company  
 General Public Utilities  
 Georgia Power Company  
 Middle South Services  
 Nevada Power Company  
 Niagara Mohawk Power Corporation

Otter Tail Power Company  
 Pacific Gas & Electric Company  
 Public Service Electric & Gas  
 Public Service of Oklahoma  
 Rochester Gas and Electric  
 Savannah Electric & Power Company  
 Seminole Electric Cooperative  
 Southern California Edison  
 Talquin Electric Cooperative  
 Tampa Electric  
 Texas Utilities  
 Toledo Edison Company

**Expert Testimony Appearances  
of  
Lane Kollen  
As of August 2018**

Date	Case	Jurisdic.	Party	Utility	Subject
10/86	U-17282 Interim	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements financial solvency.
11/86	U-17282 Interim Rebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements financial solvency.
12/86	9613	KY	Attorney General Div. of Consumer Protection	Big Rivers Electric Corp.	Revenue requirements accounting adjustments financial workout plan.
1/87	U-17282 Interim	LA 19th Judicial District Ct.	Louisiana Public Service Commission Staff	Gulf States Utilities	Cash revenue requirements, financial solvency.
3/87	General Order 236	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Tax Reform Act of 1986.
4/87	U-17282 Prudence	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1, economic analyses, cancellation studies.
4/87	M-100 Sub 113	NC	North Carolina Industrial Energy Consumers	Duke Power Co.	Tax Reform Act of 1986.
5/87	86-524-E-SC	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Revenue requirements, Tax Reform Act of 1986.
5/87	U-17282 Case In Chief	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, financial solvency.
7/87	U-17282 Case In Chief Surrebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, financial solvency.
7/87	U-17282 Prudence Surrebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Prudence of River Bend 1, economic analyses, cancellation studies.
7/87	86-524 E-SC Rebuttal	WV	West Virginia Energy Users' Group	Monongahela Power Co.	Revenue requirements, Tax Reform Act of 1986.
8/87	9885	KY	Attorney General Div. of Consumer Protection	Big Rivers Electric Corp.	Financial workout plan.
8/87	E-015/GR-87-223	MN	Taconite Intervenor	Minnesota Power & Light Co.	Revenue requirements, O&M expense, Tax Reform Act of 1986.
10/87	870220-EI	FL	Occidental Chemical Corp.	Florida Power Corp.	Revenue requirements, O&M expense, Tax Reform Act of 1986.
11/87	87-07-01	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Tax Reform Act of 1986.
1/88	U-17282	LA 19th Judicial District Ct.	Louisiana Public Service Commission	Gulf States Utilities	Revenue requirements, River Bend 1 phase-in plan, rate of return.
2/88	9934	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Economics of Trimble County, completion.

**Expert Testimony Appearances  
of  
Lane Kollen  
As of August 2018**

Date	Case	Jurisdickt.	Party	Utility	Subject
2/88	10064	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Revenue requirements, O&M expense, capital structure, excess deferred income taxes.
5/88	10217	KY	Alcan Aluminum National Southwire	Big Rivers Electric Corp.	Financial workout plan.
5/88	M-87017-1C001	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Nonutility generator deferred cost recovery.
5/88	M-87017-2C005	PA	GPU Industrial Intervenors	Pennsylvania Electric Co.	Nonutility generator deferred cost recovery.
6/88	U-17282	LA 19th Judicial District Ct.	Louisiana Public Service Commission	Gulf States Utilities	Prudence of River Bend 1 economic analyses, cancellation studies, financial modeling.
7/88	M-87017-1C001 Rebuttal	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Nonutility generator deferred cost recovery, SFAS No. 92.
7/88	M-87017-2C005 Rebuttal	PA	GPU Industrial Intervenors	Pennsylvania Electric Co.	Nonutility generator deferred cost recovery, SFAS No. 92.
9/88	88-05-25	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co.	Excess deferred taxes, O&M expenses.
9/88	10064 Rehearing	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Premature retirements, interest expense.
10/88	88-170-EL-AIR	OH	Ohio Industrial Energy Consumers	Cleveland Electric Illuminating Co.	Revenue requirements, phase-in, excess deferred taxes, O&M expenses, financial considerations, working capital.
10/88	88-171-EL-AIR	OH	Ohio Industrial Energy Consumers	Toledo Edison Co.	Revenue requirements, phase-in, excess deferred taxes, O&M expenses, financial considerations, working capital.
10/88	8800-355-EI	FL	Florida Industrial Power Users' Group	Florida Power & Light Co.	Tax Reform Act of 1986, tax expenses, O&M expenses, pension expense (SFAS No. 87).
10/88	3780-U	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Co.	Pension expense (SFAS No. 87).
11/88	U-17282 Remand	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Rate base exclusion plan (SFAS No. 71).
12/88	U-17970	LA	Louisiana Public Service Commission Staff	AT&T Communications of South Central States	Pension expense (SFAS No. 87).
12/88	U-17949 Rebuttal	LA	Louisiana Public Service Commission Staff	South Central Bell	Compensated absences (SFAS No. 43), pension expense (SFAS No. 87), Part 32, income tax normalization.
2/89	U-17282 Phase II	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, phase-in of River Bend 1, recovery of canceled plant.

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6/89	881602-EU 890326-EU	FL	Talquin Electric Cooperative	Talquin/City of Tallahassee	Economic analyses, incremental cost-of-service, average customer rates.
7/89	U-17970	LA	Louisiana Public Service Commission Staff	AT&T Communications of South Central States	Pension expense (SFAS No. 87), compensated absences (SFAS No. 43), Part 32.
8/89	8555	TX	Occidental Chemical Corp.	Houston Lighting & Power Co.	Cancellation cost recovery, tax expense, revenue requirements.
8/89	3840-U	GA	Georgia Public Service Commission Staff	Georgia Power Co.	Promotional practices, advertising, economic development.
9/89	U-17282 Phase II Detailed	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, detailed investigation.
10/89	8880	TX	Enron Gas Pipeline	Texas-New Mexico Power Co.	Deferred accounting treatment, sale/leaseback.
10/89	8928	TX	Enron Gas Pipeline	Texas-New Mexico Power Co.	Revenue requirements, imputed capital structure, cash working capital.
10/89	R-891364	PA	Philadelphia Area Industrial Energy Users Group	Philadelphia Electric Co.	Revenue requirements.
11/89 12/89	R-891364 Surrebuttal (2 Filings)	PA	Philadelphia Area Industrial Energy Users Group	Philadelphia Electric Co.	Revenue requirements, sale/leaseback.
1/90	U-17282 Phase II Detailed Rebuttal	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements, detailed investigation.
1/90	U-17282 Phase III	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Phase-in of River Bend 1, deregulated asset plan.
3/90	890319-EI	FL	Florida Industrial Power Users Group	Florida Power & Light Co.	O&M expenses, Tax Reform Act of 1986.
4/90	890319-EI Rebuttal	FL	Florida Industrial Power Users Group	Florida Power & Light Co.	O&M expenses, Tax Reform Act of 1986.
4/90	U-17282	LA 19 <sup>th</sup> Judicial District Ct.	Louisiana Public Service Commission	Gulf States Utilities	Fuel clause, gain on sale of utility assets.
9/90	90-158	KY	Kentucky Industrial Utility Customers	Louisville Gas & Electric Co.	Revenue requirements, post-test year additions, forecasted test year.
12/90	U-17282 Phase IV	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Revenue requirements.
3/91	29327, et. al.	NY	Multiple Intervenor	Niagara Mohawk Power Corp.	Incentive regulation.

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Date	Case	Jurisdic.	Party	Utility	Subject
5/91	9945	TX	Office of Public Utility Counsel of Texas	El Paso Electric Co.	Financial modeling, economic analyses, prudence of Palo Verde 3.
9/91	P-910511 P-910512	PA	Allegheny Ludlum Corp., Armco Advanced Materials Co., The West Penn Power Industrial Users' Group	West Penn Power Co.	Recovery of CAAA costs, least cost financing.
9/91	91-231-E-NC	WV	West Virginia Energy Users Group	Monongahela Power Co.	Recovery of CAAA costs, least cost financing.
11/91	U-17282	LA	Louisiana Public Service Commission Staff	Gulf States Utilities	Asset impairment, deregulated asset plan, revenue requirements.
12/91	91-410-EL-AIR	OH	Air Products and Chemicals, Inc., Armco Steel Co., General Electric Co., Industrial Energy Consumers	Cincinnati Gas & Electric Co.	Revenue requirements, phase-in plan.
12/91	PUC Docket 10200	TX	Office of Public Utility Counsel of Texas	Texas-New Mexico Power Co.	Financial integrity, strategic planning, declined business affiliations.
5/92	910890-EI	FL	Occidental Chemical Corp.	Florida Power Corp.	Revenue requirements, O&M expense, pension expense, OPEB expense, fossil dismantling, nuclear decommissioning.
8/92	R-00922314	PA	GPU Industrial Intervenors	Metropolitan Edison Co.	Incentive regulation, performance rewards, purchased power risk, OPEB expense.
9/92	92-043	KY	Kentucky Industrial Utility Consumers	Generic Proceeding	OPEB expense.
9/92	920324-EI	FL	Florida Industrial Power Users' Group	Tampa Electric Co.	OPEB expense.
9/92	39348	IN	Indiana Industrial Group	Generic Proceeding	OPEB expense.
9/92	910840-PU	FL	Florida Industrial Power Users' Group	Generic Proceeding	OPEB expense.
9/92	39314	IN	Industrial Consumers for Fair Utility Rates	Indiana Michigan Power Co.	OPEB expense.
11/92	U-19904	LA	Louisiana Public Service Commission Staff	Gulf States Utilities /Entergy Corp.	Merger.
11/92	8469	MD	Westvaco Corp., Eastalco Aluminum Co.	Potomac Edison Co.	OPEB expense.
11/92	92-1715-AU-COI	OH	Ohio Manufacturers Association	Generic Proceeding	OPEB expense.
12/92	R-00922378	PA	Armco Advanced Materials Co., The WPP Industrial Intervenors	West Penn Power Co.	Incentive regulation, performance rewards, purchased power risk, OPEB expense.

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Date	Case	Jurisdicht.	Party	Utility	Subject
12/92	U-19949	LA	Louisiana Public Service Commission Staff	South Central Bell	Affiliate transactions, cost allocations, merger.
12/92	R-00922479	PA	Philadelphia Area Industrial Energy Users' Group	Philadelphia Electric Co.	OPEB expense.
1/93	8487	MD	Maryland Industrial Group	Baltimore Gas & Electric Co., Bethlehem Steel Corp.	OPEB expense, deferred fuel, CWIP in rate base.
1/93	39498	IN	PSI Industrial Group	PSI Energy, Inc.	Refunds due to over-collection of taxes on Marble Hill cancellation.
3/93	92-11-11	CT	Connecticut Industrial Energy Consumers	Connecticut Light & Power Co	OPEB expense.
3/93	U-19904 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities /Entergy Corp.	Merger.
3/93	93-01-EL-EFC	OH	Ohio Industrial Energy Consumers	Ohio Power Co.	Affiliate transactions, fuel.
3/93	EC92-21000 ER92-806-000	FERC	Louisiana Public Service Commission Staff	Gulf States Utilities /Entergy Corp.	Merger.
4/93	92-1464-EL-AIR	OH	Air Products Armco Steel Industrial Energy Consumers	Cincinnati Gas & Electric Co.	Revenue requirements, phase-in plan.
4/93	EC92-21000 ER92-806-000 (Rebuttal)	FERC	Louisiana Public Service Commission	Gulf States Utilities /Entergy Corp.	Merger.
9/93	93-113	KY	Kentucky Industrial Utility Customers	Kentucky Utilities	Fuel clause and coal contract refund.
9/93	92-490, 92-490A, 90-360-C	KY	Kentucky Industrial Utility Customers and Kentucky Attorney General	Big Rivers Electric Corp.	Disallowances and restitution for excessive fuel costs, illegal and improper payments, recovery of mine closure costs.
10/93	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	Revenue requirements, debt restructuring agreement, River Bend cost recovery.
1/94	U-20647	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Audit and investigation into fuel clause costs.
4/94	U-20647 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Nuclear and fossil unit performance, fuel costs, fuel clause principles and guidelines.
4/94	U-20647 (Supplemental Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Audit and investigation into fuel clause costs.
5/94	U-20178	LA	Louisiana Public Service Commission Staff	Louisiana Power & Light Co.	Planning and quantification issues of least cost integrated resource plan.

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Date	Case	Jurisdic.	Party	Utility	Subject
9/94	U-19904 Initial Post-Merger Earnings Review	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	River Bend phase-in plan, deregulated asset plan, capital structure, other revenue requirement issues.
9/94	U-17735	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policies, exclusion of River Bend, other revenue requirement issues.
10/94	3905-U	GA	Georgia Public Service Commission Staff	Southern Bell Telephone Co.	Incentive rate plan, earnings review.
10/94	5258-U	GA	Georgia Public Service Commission Staff	Southern Bell Telephone Co.	Alternative regulation, cost allocation.
11/94	U-19904 Initial Post-Merger Earnings Review (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	River Bend phase-in plan, deregulated asset plan, capital structure, other revenue requirement issues.
11/94	U-17735 (Rebuttal)	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policy, exclusion of River Bend, other revenue requirement issues.
4/95	R-00943271	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Revenue requirements. Fossil dismantling, nuclear decommissioning.
6/95	3905-U Rebuttal	GA	Georgia Public Service Commission	Southern Bell Telephone Co.	Incentive regulation, affiliate transactions, revenue requirements, rate refund.
6/95	U-19904 (Direct)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Gas, coal, nuclear fuel costs, contract prudence, base/fuel realignment.
10/95	95-02614	TN	Tennessee Office of the Attorney General Consumer Advocate	BellSouth Telecommunications, Inc.	Affiliate transactions.
10/95	U-21485 (Direct)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Nuclear O&M, River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues.
11/95	U-19904 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co. Division	Gas, coal, nuclear fuel costs, contract prudence, base/fuel realignment.
11/95	U-21485 (Supplemental Direct)	LA	Louisiana Public Service Commission Staff	Gulf States Utilities Co.	Nuclear O&M, River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues.
12/95	U-21485 (Surrebuttal)				
1/96	95-299-EL-AIR 95-300-EL-AIR	OH	Industrial Energy Consumers	The Toledo Edison Co., The Cleveland Electric Illuminating Co.	Competition, asset write-offs and revaluation, O&M expense, other revenue requirement issues.
2/96	PUC Docket 14965	TX	Office of Public Utility Counsel	Central Power & Light	Nuclear decommissioning.
5/96	95-485-LCS	NM	City of Las Cruces	El Paso Electric Co.	Stranded cost recovery, municipalization.



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Date	Case	Jurisdic.	Party	Utility	Subject
7/96	8725	MD	The Maryland Industrial Group and Redland Genstar, Inc.	Baltimore Gas & Electric Co., Potomac Electric Power Co., and Constellation Energy Corp.	Merger savings, tracking mechanism, earnings sharing plan, revenue requirement issues.
9/96 11/96	U-22092 U-22092 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	River Bend phase-in plan, base/fuel realignment, NOL and AltMin asset deferred taxes, other revenue requirement issues, allocation of regulated/nonregulated costs.
10/96	96-327	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Environmental surcharge recoverable costs.
2/97	R-00973877	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Stranded cost recovery, regulatory assets and liabilities, intangible transition charge, revenue requirements.
3/97	96-489	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	Environmental surcharge recoverable costs, system agreements, allowance inventory, jurisdictional allocation.
6/97	TO-97-397	MO	MCI Telecommunications Corp., Inc., MCImetro Access Transmission Services, Inc.	Southwestern Bell Telephone Co.	Price cap regulation, revenue requirements, rate of return.
6/97	R-00973953	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
7/97	R-00973954	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
7/97	U-22092	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Depreciation rates and methodologies, River Bend phase-in plan.
8/97	97-300	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co., Kentucky Utilities Co.	Merger policy, cost savings, surcredit sharing mechanism, revenue requirements, rate of return.
8/97	R-00973954 (Surrebuttal)	PA	PP&L Industrial Customer Alliance	Pennsylvania Power & Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
10/97	97-204	KY	Alcan Aluminum Corp. Southwire Co.	Big Rivers Electric Corp.	Restructuring, revenue requirements, reasonableness.
10/97	R-974008	PA	Metropolitan Edison Industrial Users Group	Metropolitan Edison Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements.
10/97	R-974009	PA	Penelec Industrial Customer Alliance	Pennsylvania Electric Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements.

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Date	Case	Jurisdic.	Party	Utility	Subject
11/97	97-204 (Rebuttal)	KY	Alcan Aluminum Corp. Southwire Co.	Big Rivers Electric Corp.	Restructuring, revenue requirements, reasonableness of rates, cost allocation.
11/97	U-22491	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, other revenue requirement issues.
11/97	R-00973953 (Surrebuttal)	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning.
11/97	R-973981	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, fossil decommissioning, revenue requirements, securitization.
11/97	R-974104	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements, securitization.
12/97	R-973981 (Surrebuttal)	PA	West Penn Power Industrial Intervenors	West Penn Power Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, fossil decommissioning, revenue requirements.
12/97	R-974104 (Surrebuttal)	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Restructuring, deregulation, stranded costs, regulatory assets, liabilities, nuclear and fossil decommissioning, revenue requirements, securitization.
1/98	U-22491 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, other revenue requirement issues.
2/98	8774	MD	Westvaco	Potomac Edison Co.	Merger of Duquesne, AE, customer safeguards, savings sharing.
3/98	U-22092 (Allocated Stranded Cost Issues)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Restructuring, stranded costs, regulatory assets, securitization, regulatory mitigation.
3/98	8390-U	GA	Georgia Natural Gas Group, Georgia Textile Manufacturers Assoc.	Atlanta Gas Light Co.	Restructuring, unbundling, stranded costs, incentive regulation, revenue requirements.
3/98	U-22092 (Allocated Stranded Cost Issues) (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Restructuring, stranded costs, regulatory assets, securitization, regulatory mitigation.
3/98	U-22491 (Supplemental Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, other revenue requirement issues.
10/98	97-596	ME	Maine Office of the Public Advocate	Bangor Hydro- Electric Co.	Restructuring, unbundling, stranded costs, T&D revenue requirements.

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Date	Case	Jurisdicht.	Party	Utility	Subject
10/98	9355-U	GA	Georgia Public Service Commission Adversary Staff	Georgia Power Co.	Affiliate transactions.
10/98	U-17735 Rebuttal	LA	Louisiana Public Service Commission Staff	Cajun Electric Power Cooperative	G&T cooperative ratemaking policy, other revenue requirement issues.
11/98	U-23327	LA	Louisiana Public Service Commission Staff	SWEPCO, CSW and AEP	Merger policy, savings sharing mechanism, affiliate transaction conditions.
12/98	U-23358 (Direct)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
12/98	98-577	ME	Maine Office of Public Advocate	Maine Public Service Co.	Restructuring, unbundling, stranded cost, T&D revenue requirements.
1/99	98-10-07	CT	Connecticut Industrial Energy Consumers	United Illuminating Co.	Stranded costs, investment tax credits, accumulated deferred income taxes, excess deferred income taxes.
3/99	U-23358 (Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
3/99	98-474	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co.	Revenue requirements, alternative forms of regulation.
3/99	98-426	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements, alternative forms of regulation.
3/99	99-082	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co.	Revenue requirements.
3/99	99-083	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements.
4/99	U-23358 (Supplemental Surrebuttal)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
4/99	99-03-04	CT	Connecticut Industrial Energy Consumers	United Illuminating Co.	Regulatory assets and liabilities, stranded costs, recovery mechanisms.
4/99	99-02-05	CT	Connecticut Industrial Utility Customers	Connecticut Light and Power Co.	Regulatory assets and liabilities, stranded costs, recovery mechanisms.
5/99	98-426 99-082 (Additional Direct)	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co.	Revenue requirements.
5/99	98-474 99-083 (Additional Direct)	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements.

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<b>Date</b>	<b>Case</b>	<b>Jurisdic.</b>	<b>Party</b>	<b>Utility</b>	<b>Subject</b>
5/99	98-426 98-474 (Response to Amended Applications)	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co., Kentucky Utilities Co.	Alternative regulation.
6/99	97-596	ME	Maine Office of Public Advocate	Bangor Hydro- Electric Co.	Request for accounting order regarding electric industry restructuring costs.
7/99	U-23358	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Affiliate transactions, cost allocations.
7/99	99-03-35	CT	Connecticut Industrial Energy Consumers	United Illuminating Co.	Stranded costs, regulatory assets, tax effects of asset divestiture.
7/99	U-23327	LA	Louisiana Public Service Commission Staff	Southwestern Electric Power Co., Central and South West Corp, American Electric Power Co.	Merger Settlement and Stipulation.
7/99	97-596 Surrebuttal	ME	Maine Office of Public Advocate	Bangor Hydro- Electric Co.	Restructuring, unbundling, stranded cost, T&D revenue requirements.
7/99	98-0452-E-GI	WV	West Virginia Energy Users Group	Monongahela Power, Potomac Edison, Appalachian Power, Wheeling Power	Regulatory assets and liabilities.
8/99	98-577 Surrebuttal	ME	Maine Office of Public Advocate	Maine Public Service Co.	Restructuring, unbundling, stranded costs, T&D revenue requirements.
8/99	98-426 99-082 Rebuttal	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co.	Revenue requirements.
8/99	98-474 98-083 Rebuttal	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements.
8/99	98-0452-E-GI Rebuttal	WV	West Virginia Energy Users Group	Monongahela Power, Potomac Edison, Appalachian Power, Wheeling Power	Regulatory assets and liabilities.
10/99	U-24182 Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, affiliate transactions, tax issues, and other revenue requirement issues.
11/99	PUC Docket 21527	TX	The Dallas-Fort Worth Hospital Council and Coalition of Independent Colleges and Universities	TXU Electric	Restructuring, stranded costs, taxes, securitization.

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Date	Case	Jurisdic.	Party	Utility	Subject
11/99	U-23358 Surrebuttal Affiliate Transactions Review	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Service company affiliate transaction costs.
01/00	U-24182 Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, affiliate transactions, tax issues, and other revenue requirement issues.
04/00	99-1212-EL-ETP 99-1213-EL-ATA 99-1214-EL-AAM	OH	Greater Cleveland Growth Association	First Energy (Cleveland Electric Illuminating, Toledo Edison)	Historical review, stranded costs, regulatory assets, liabilities.
05/00	2000-107	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	ECR surcharge roll-in to base rates.
05/00	U-24182 Supplemental Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Affiliate expense proforma adjustments.
05/00	A-110550F0147	PA	Philadelphia Area Industrial Energy Users Group	PECO Energy	Merger between PECO and Unicom.
05/00	99-1658-EL-ETP	OH	AK Steel Corp.	Cincinnati Gas & Electric Co.	Regulatory transition costs, including regulatory assets and liabilities, SFAS 109, ADIT, EDIT, ITC.
07/00	PUC Docket 22344	TX	The Dallas-Fort Worth Hospital Council and The Coalition of Independent Colleges and Universities	Statewide Generic Proceeding	Escalation of O&M expenses for unbundled T&D revenue requirements in projected test year.
07/00	U-21453	LA	Louisiana Public Service Commission	SWEPCO	Stranded costs, regulatory assets and liabilities.
08/00	U-24064	LA	Louisiana Public Service Commission Staff	CLECO	Affiliate transaction pricing ratemaking principles, subsidization of nonregulated affiliates, ratemaking adjustments.
10/00	SOAH Docket 473-00-1015 PUC Docket 22350	TX	The Dallas-Fort Worth Hospital Council and The Coalition of Independent Colleges and Universities	TXU Electric Co.	Restructuring, T&D revenue requirements, mitigation, regulatory assets and liabilities.
10/00	R-00974104 Affidavit	PA	Duquesne Industrial Intervenors	Duquesne Light Co.	Final accounting for stranded costs, including treatment of auction proceeds, taxes, capital costs, switchback costs, and excess pension funding.
11/00	P-00001837 R-00974008 P-00001838 R-00974009	PA	Metropolitan Edison Industrial Users Group Penelec Industrial Customer Alliance	Metropolitan Edison Co., Pennsylvania Electric Co.	Final accounting for stranded costs, including treatment of auction proceeds, taxes, regulatory assets and liabilities, transaction costs.

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Date	Case	Jurisdickt.	Party	Utility	Subject
12/00	U-21453, U-20925, U-22092 (Subdocket C) Surrebuttal	LA	Louisiana Public Service Commission Staff	SWEPCO	Stranded costs, regulatory assets.
01/01	U-24993 Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Allocation of regulated and nonregulated costs, tax issues, and other revenue requirement issues.
01/01	U-21453, U-20925, U-22092 (Subdocket B) Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Industry restructuring, business separation plan, organization structure, hold harmless conditions, financing.
01/01	Case No. 2000-386	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co.	Recovery of environmental costs, surcharge mechanism.
01/01	Case No. 2000-439	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Recovery of environmental costs, surcharge mechanism.
02/01	A-110300F0095 A-110400F0040	PA	Met-Ed Industrial Users Group, Penelec Industrial Customer Alliance	GPU, Inc. FirstEnergy Corp.	Merger, savings, reliability.
03/01	P-00001860 P-00001861	PA	Met-Ed Industrial Users Group, Penelec Industrial Customer Alliance	Metropolitan Edison Co., Pennsylvania Electric Co.	Recovery of costs due to provider of last resort obligation.
04/01	U-21453, U-20925, U-22092 (Subdocket B) Settlement Term Sheet	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Business separation plan: settlement agreement on overall plan structure.
04/01	U-21453, U-20925, U-22092 (Subdocket B) Contested Issues	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Business separation plan: agreements, hold harmless conditions, separations methodology.
05/01	U-21453, U-20925, U-22092 (Subdocket B) Contested Issues Transmission and Distribution Rebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Business separation plan: agreements, hold harmless conditions, separations methodology.

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Date	Case	Jurisdickt.	Party	Utility	Subject
07/01	U-21453, U-20925, U-22092 (Subdocket B) Transmission and Distribution Term Sheet	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Business separation plan: settlement agreement on T&D issues, agreements necessary to implement T&D separations, hold harmless conditions, separations methodology.
10/01	14000-U	GA	Georgia Public Service Commission Adversary Staff	Georgia Power Company	Revenue requirements, Rate Plan, fuel clause recovery.
11/01	14311-U Direct Panel with Bolin Killings	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co	Revenue requirements, revenue forecast, O&M expense, depreciation, plant additions, cash working capital.
11/01	U-25687 Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, capital structure, allocation of regulated and nonregulated costs, River Bend uprate.
02/02	PUC Docket 25230	TX	The Dallas-Fort Worth Hospital Council and the Coalition of Independent Colleges and Universities	TXU Electric	Stipulation. Regulatory assets, securitization financing.
02/02	U-25687 Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, River Bend uprate.
03/02	14311-U Rebuttal Panel with Bolin Killings	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Revenue requirements, earnings sharing plan, service quality standards.
03/02	14311-U Rebuttal Panel with Michelle L. Thebert	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Revenue requirements, revenue forecast, O&M expense, depreciation, plant additions, cash working capital.
03/02	001148-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Co.	Revenue requirements. Nuclear life extension, storm damage accruals and reserve, capital structure, O&M expense.
04/02	U-25687 (Suppl. Surrebuttal)	LA	Louisiana Public Service Commission	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, River Bend uprate.
04/02	U-21453, U-20925 U-22092 (Subdocket C)	LA	Louisiana Public Service Commission	SWEPCO	Business separation plan, T&D Term Sheet, separations methodologies, hold harmless conditions.
08/02	EL01-88-000	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	System Agreement, production cost equalization, tariffs.
08/02	U-25888	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc. and Entergy Louisiana, Inc.	System Agreement, production cost disparities, prudence.

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Date	Case	Jurisdickt.	Party	Utility	Subject
09/02	2002-00224 2002-00225	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric Co.	Line losses and fuel clause recovery associated with off-system sales.
11/02	2002-00146 2002-00147	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric Co.	Environmental compliance costs and surcharge recovery.
01/03	2002-00169	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Power Co.	Environmental compliance costs and surcharge recovery.
04/03	2002-00429 2002-00430	KY	Kentucky Industrial Utilities Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric Co.	Extension of merger surcredit, flaws in Companies' studies.
04/03	U-26527	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, capital structure, post-test year adjustments.
06/03	EL01-88-000 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	System Agreement, production cost equalization, tariffs.
06/03	2003-00068	KY	Kentucky Industrial Utility Customers	Kentucky Utilities Co.	Environmental cost recovery, correction of base rate error.
11/03	ER03-753-000	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Unit power purchases and sale cost-based tariff pursuant to System Agreement.
11/03	ER03-583-000, ER03-583-001, ER03-583-002  ER03-681-000, ER03-681-001  ER03-682-000, ER03-682-001, ER03-682-002  ER03-744-000, ER03-744-001 (Consolidated)	FERC	Louisiana Public Service Commission	Entergy Services, Inc., the Entergy Operating Companies, EWO Marketing, L.P, and Entergy Power, Inc.	Unit power purchases and sale agreements, contractual provisions, projected costs, leveled rates, and formula rates.
12/03	U-26527 Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, capital structure, post-test year adjustments.
12/03	2003-0334 2003-0335	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric Co.	Earnings Sharing Mechanism.
12/03	U-27136	LA	Louisiana Public Service Commission Staff	Entergy Louisiana, Inc.	Purchased power contracts between affiliates, terms and conditions.



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03/04	U-26527 Supplemental Surrebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Revenue requirements, corporate franchise tax, conversion to LLC, capital structure, post-test year adjustments.
03/04	2003-00433	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas & Electric Co.	Revenue requirements, depreciation rates, O&M expense, deferrals and amortization, earnings sharing mechanism, merger surcredit, VDT surcredit.
03/04	2003-00434	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co.	Revenue requirements, depreciation rates, O&M expense, deferrals and amortization, earnings sharing mechanism, merger surcredit, VDT surcredit.
03/04	SOAH Docket 473-04-2459 PUC Docket 29206	TX	Cities Served by Texas- New Mexico Power Co.	Texas-New Mexico Power Co.	Stranded costs true-up, including valuation issues, ITC, ADIT, excess earnings.
05/04	04-169-EL-UNC	OH	Ohio Energy Group, Inc.	Columbus Southern Power Co. & Ohio Power Co.	Rate stabilization plan, deferrals, T&D rate increases, earnings.
06/04	SOAH Docket 473-04-4555 PUC Docket 29526	TX	Houston Council for Health and Education	CenterPoint Energy Houston Electric	Stranded costs true-up, including valuation issues, ITC, EDIT, excess mitigation credits, capacity auction true-up revenues, interest.
08/04	SOAH Docket 473-04-4555 PUC Docket 29526 (Suppl Direct)	TX	Houston Council for Health and Education	CenterPoint Energy Houston Electric	Interest on stranded cost pursuant to Texas Supreme Court remand.
09/04	U-23327 Subdocket B	LA	Louisiana Public Service Commission Staff	SWEPCO	Fuel and purchased power expenses recoverable through fuel adjustment clause, trading activities, compliance with terms of various LPSC Orders.
10/04	U-23327 Subdocket A	LA	Louisiana Public Service Commission Staff	SWEPCO	Revenue requirements.
12/04	Case Nos. 2004-00321, 2004-00372	KY	Gallatin Steel Co.	East Kentucky Power Cooperative, Inc., Big Sandy Recc, et al.	Environmental cost recovery, qualified costs, TIER requirements, cost allocation.
01/05	30485	TX	Houston Council for Health and Education	CenterPoint Energy Houston Electric, LLC	Stranded cost true-up including regulatory Central Co. assets and liabilities, ITC, EDIT, capacity auction, proceeds, excess mitigation credits, retrospective and prospective ADIT.
02/05	18638-U	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Revenue requirements.
02/05	18638-U Panel with Tony Wackerly	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Comprehensive rate plan, pipeline replacement program surcharge, performance based rate plan.

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Date	Case	Jurisdic.	Party	Utility	Subject
02/05	18638-U Panel with Michelle Thebert	GA	Georgia Public Service Commission Adversary Staff	Atlanta Gas Light Co.	Energy conservation, economic development, and tariff issues.
03/05	Case Nos. 2004-00426, 2004-00421	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric	Environmental cost recovery, Jobs Creation Act of 2004 and §199 deduction, excess common equity ratio, deferral and amortization of nonrecurring O&M expense.
06/05	2005-00068	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	Environmental cost recovery, Jobs Creation Act of 2004 and §199 deduction, margins on allowances used for AEP system sales.
06/05	050045-EI	FL	South Florida Hospital and Healthcare Assoc.	Florida Power & Light Co.	Storm damage expense and reserve, RTO costs, O&M expense projections, return on equity performance incentive, capital structure, selective second phase post-test year rate increase.
08/05	31056	TX	Alliance for Valley Healthcare	AEP Texas Central Co.	Stranded cost true-up including regulatory assets and liabilities, ITC, EDIT, capacity auction, proceeds, excess mitigation credits, retrospective and prospective ADIT.
09/05	20298-U	GA	Georgia Public Service Commission Adversary Staff	Atmos Energy Corp.	Revenue requirements, roll-in of surcharges, cost recovery through surcharge, reporting requirements.
09/05	20298-U Panel with Victoria Taylor	GA	Georgia Public Service Commission Adversary Staff	Atmos Energy Corp.	Affiliate transactions, cost allocations, capitalization, cost of debt.
10/05	04-42	DE	Delaware Public Service Commission Staff	Artesian Water Co.	Allocation of tax net operating losses between regulated and unregulated.
11/05	2005-00351 2005-00352	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric	Workforce Separation Program cost recovery and shared savings through VDT surcredit.
01/06	2005-00341	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Co.	System Sales Clause Rider, Environmental Cost Recovery Rider. Net Congestion Rider, Storm damage, vegetation management program, depreciation, off-system sales, maintenance normalization, pension and OPEB.
03/06	PUC Docket 31994	TX	Cities	Texas-New Mexico Power Co.	Stranded cost recovery through competition transition or change.
05/06	31994 Supplemental	TX	Cities	Texas-New Mexico Power Co.	Retrospective ADFIT, prospective ADFIT.
03/06	U-21453, U-20925, U-22092 (Subdocket B)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Jurisdictional separation plan.

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Date	Case	Jurisdic.	Party	Utility	Subject
03/06	NOPR Reg 104385-OR	IRS	Alliance for Valley Health Care and Houston Council for Health Education	AEP Texas Central Company and CenterPoint Energy Houston Electric	Proposed Regulations affecting flow- through to ratepayers of excess deferred income taxes and investment tax credits on generation plant that is sold or deregulated.
04/06	U-25116	LA	Louisiana Public Service Commission Staff	Entergy Louisiana, Inc.	2002-2004 Audit of Fuel Adjustment Clause Filings. Affiliate transactions.
07/06	R-00061366, Et. al.	PA	Met-Ed Ind. Users Group Pennsylvania Ind. Customer Alliance	Metropolitan Edison Co., Pennsylvania Electric Co.	Recovery of NUG-related stranded costs, government mandated program costs, storm damage costs.
07/06	U-23327	LA	Louisiana Public Service Commission Staff	Southwestern Electric Power Co.	Revenue requirements, formula rate plan, banking proposal.
08/06	U-21453, U-20925, U-22092 (Subdocket J)	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc.	Jurisdictional separation plan.
11/06	05CVH03-3375 Franklin County Court Affidavit	OH	Various Taxing Authorities (Non-Utility Proceeding)	State of Ohio Department of Revenue	Accounting for nuclear fuel assemblies as manufactured equipment and capitalized plant.
12/06	U-23327 Subdocket A Reply Testimony	LA	Louisiana Public Service Commission Staff	Southwestern Electric Power Co.	Revenue requirements, formula rate plan, banking proposal.
03/07	U-29764	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc., Entergy Louisiana, LLC	Jurisdictional allocation of Entergy System Agreement equalization remedy receipts.
03/07	PUC Docket 33309	TX	Cities	AEP Texas Central Co.	Revenue requirements, including functionalization of transmission and distribution costs.
03/07	PUC Docket 33310	TX	Cities	AEP Texas North Co.	Revenue requirements, including functionalization of transmission and distribution costs.
03/07	2006-00472	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative	Interim rate increase, RUS loan covenants, credit facility requirements, financial condition.
03/07	U-29157	LA	Louisiana Public Service Commission Staff	Cleco Power, LLC	Permanent (Phase II) storm damage cost recovery.
04/07	U-29764 Supplemental and Rebuttal	LA	Louisiana Public Service Commission Staff	Entergy Gulf States, Inc., Entergy Louisiana, LLC	Jurisdictional allocation of Entergy System Agreement equalization remedy receipts.
04/07	ER07-682-000 Affidavit	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Allocation of intangible and general plant and A&G expenses to production and state income tax effects on equalization remedy receipts.

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Date	Case	Jurisdic.	Party	Utility	Subject
04/07	ER07-684-000 Affidavit	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Fuel hedging costs and compliance with FERC USOA.
05/07	ER07-682-000 Supplemental Affidavit	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Allocation of intangible and general plant and A&G expenses to production and account 924 effects on MSS-3 equalization remedy payments and receipts.
06/07	U-29764	LA	Louisiana Public Service Commission Staff	Entergy Louisiana, LLC, Entergy Gulf States, Inc.	Show cause for violating LPSC Order on fuel hedging costs.
07/07	2006-00472	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative	Revenue requirements, post-test year adjustments, TIER, surcharge revenues and costs, financial need.
07/07	ER07-956-000 Affidavit	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Storm damage costs related to Hurricanes Katrina and Rita and effects of MSS-3 equalization payments and receipts.
10/07	05-UR-103 Direct	WI	Wisconsin Industrial Energy Group	Wisconsin Electric Power Company, Wisconsin Gas, LLC	Revenue requirements, carrying charges on CWIP, amortization and return on regulatory assets, working capital, incentive compensation, use of rate base in lieu of capitalization, quantification and use of Point Beach sale proceeds.
10/07	05-UR-103 Surrebuttal	WI	Wisconsin Industrial Energy Group	Wisconsin Electric Power Company, Wisconsin Gas, LLC	Revenue requirements, carrying charges on CWIP, amortization and return on regulatory assets, working capital, incentive compensation, use of rate base in lieu of capitalization, quantification and use of Point Beach sale proceeds.
10/07	25060-U Direct	GA	Georgia Public Service Commission Public Interest Adversary Staff	Georgia Power Company	Affiliate costs, incentive compensation, consolidated income taxes, §199 deduction.
11/07	06-0033-E-CN Direct	WV	West Virginia Energy Users Group	Appalachian Power Company	IGCC surcharge during construction period and post-in-service date.
11/07	ER07-682-000 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Functionalization and allocation of intangible and general plant and A&G expenses.
01/08	ER07-682-000 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Functionalization and allocation of intangible and general plant and A&G expenses.
01/08	07-551-EL-AIR Direct	OH	Ohio Energy Group, Inc.	Ohio Edison Company, Cleveland Electric Illuminating Company, Toledo Edison Company	Revenue requirements.

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Date	Case	Jurisdicht.	Party	Utility	Subject
02/08	ER07-956-000 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Functionalization of expenses, storm damage expense and reserves, tax NOL carrybacks in accounts, ADIT, nuclear service lives and effects on depreciation and decommissioning.
03/08	ER07-956-000 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and the Entergy Operating Companies	Functionalization of expenses, storm damage expense and reserves, tax NOL carrybacks in accounts, ADIT, nuclear service lives and effects on depreciation and decommissioning.
04/08	2007-00562, 2007-00563	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co., Louisville Gas and Electric Co.	Merger surcredit.
04/08	26837 Direct Bond, Johnson, Thebert, Kollen Panel	GA	Georgia Public Service Commission Staff	SCANA Energy Marketing, Inc.	Rule Nisi complaint.
05/08	26837 Rebuttal Bond, Johnson, Thebert, Kollen Panel	GA	Georgia Public Service Commission Staff	SCANA Energy Marketing, Inc.	Rule Nisi complaint.
05/08	26837 Suppl Rebuttal Bond, Johnson, Thebert, Kollen Panel	GA	Georgia Public Service Commission Staff	SCANA Energy Marketing, Inc.	Rule Nisi complaint.
06/08	2008-00115	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative, Inc.	Environmental surcharge recoveries, including costs recovered in existing rates, TIER.
07/08	27163 Direct	GA	Georgia Public Service Commission Public Interest Advocacy Staff	Atmos Energy Corp.	Revenue requirements, including projected test year rate base and expenses.
07/08	27163 Taylor, Kollen Panel	GA	Georgia Public Service Commission Public Interest Advocacy Staff	Atmos Energy Corp.	Affiliate transactions and division cost allocations, capital structure, cost of debt.
08/08	6680-CE-170 Direct	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Power and Light Company	Nelson Dewey 3 or Colombia 3 fixed financial parameters.
08/08	6680-UR-116 Direct	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Power and Light Company	CWIP in rate base, labor expenses, pension expense, financing, capital structure, decoupling.
08/08	6680-UR-116 Rebuttal	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Power and Light Company	Capital structure.
08/08	6690-UR-119 Direct	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Public Service Corp.	Prudence of Weston 3 outage, incentive compensation, Crane Creek Wind Farm incremental revenue requirement, capital structure.

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Date	Case	Jurisdicht.	Party	Utility	Subject
09/08	6690-UR-119 Surrebuttal	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Public Service Corp.	Prudence of Weston 3 outage, Section 199 deduction.
09/08	08-935-EL-SSO, 08-918-EL-SSO	OH	Ohio Energy Group, Inc.	First Energy	Standard service offer rates pursuant to electric security plan, significantly excessive earnings test.
10/08	08-917-EL-SSO	OH	Ohio Energy Group, Inc.	AEP	Standard service offer rates pursuant to electric security plan, significantly excessive earnings test.
10/08	2007-00564, 2007-00565, 2008-00251 2008-00252	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Co., Kentucky Utilities Company	Revenue forecast, affiliate costs, ELG v ASL depreciation procedures, depreciation expenses, federal and state income tax expense, capitalization, cost of debt.
11/08	EL08-51	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Spindletop gas storage facilities, regulatory asset and bandwidth remedy.
11/08	35717	TX	Cities Served by Oncor Delivery Company	Oncor Delivery Company	Recovery of old meter costs, asset ADFIT, cash working capital, recovery of prior year restructuring costs, levelized recovery of storm damage costs, prospective storm damage accrual, consolidated tax savings adjustment.
12/08	27800	GA	Georgia Public Service Commission	Georgia Power Company	AFUDC versus CWIP in rate base, mirror CWIP, certification cost, use of short term debt and trust preferred financing, CWIP recovery, regulatory incentive.
01/09	ER08-1056	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Entergy System Agreement bandwidth remedy calculations, including depreciation expense, ADIT, capital structure.
01/09	ER08-1056 Supplemental Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Blytheville leased turbines; accumulated depreciation.
02/09	EL08-51 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Spindletop gas storage facilities regulatory asset and bandwidth remedy.
02/09	2008-00409 Direct	KY	Kentucky Industrial Utility Customers, Inc.	East Kentucky Power Cooperative, Inc.	Revenue requirements.
03/09	ER08-1056 Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Entergy System Agreement bandwidth remedy calculations, including depreciation expense, ADIT, capital structure.
03/09	U-21453, U-20925 U-22092 (Sub J) Direct	LA	Louisiana Public Service Commission Staff	Entergy Gulf States Louisiana, LLC	Violation of EGSI separation order, ETI and EGSL separation accounting, Spindletop regulatory asset.
04/09	Rebuttal				

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Date	Case	Jurisdickt.	Party	Utility	Subject
04/09	2009-00040 Direct-Interim (Oral)	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Emergency interim rate increase; cash requirements.
04/09	PUC Docket 36530	TX	State Office of Administrative Hearings	Oncor Electric Delivery Company, LLC	Rate case expenses.
05/09	ER08-1056 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Entergy System Agreement bandwidth remedy calculations, including depreciation expense, ADIT, capital structure.
06/09	2009-00040 Direct- Permanent	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Revenue requirements, TIER, cash flow.
07/09	080677-EI	FL	South Florida Hospital and Healthcare Association	Florida Power & Light Company	Multiple test years, GBRA rider, forecast assumptions, revenue requirement, O&M expense, depreciation expense, Economic Stimulus Bill, capital structure.
08/09	U-21453, U- 20925, U-22092 (Subdocket J) Supplemental Rebuttal	LA	Louisiana Public Service Commission	Entergy Gulf States Louisiana, LLC	Violation of EGSI separation order, ETI and EGSL separation accounting, Spindletop regulatory asset.
08/09	8516 and 29950	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Company	Modification of PRP surcharge to include infrastructure costs.
09/09	05-UR-104 Direct and Surrebuttal	WI	Wisconsin Industrial Energy Group	Wisconsin Electric Power Company	Revenue requirements, incentive compensation, depreciation, deferral mitigation, capital structure, cost of debt.
09/09	09AL-299E Answer	CO	CF&I Steel, Rocky Mountain Steel Mills LP, Climax Molybdenum Company	Public Service Company of Colorado	Forecasted test year, historic test year, proforma adjustments for major plant additions, tax depreciation.
09/09	6680-UR-117 Direct and Surrebuttal	WI	Wisconsin Industrial Energy Group	Wisconsin Power and Light Company	Revenue requirements, CWIP in rate base, deferral mitigation, payroll, capacity shutdowns, regulatory assets, rate of return.
10/09	09A-415E Answer	CO	Cripple Creek & Victor Gold Mining Company, et al.	Black Hills/CO Electric Utility Company	Cost prudence, cost sharing mechanism.
10/09	EL09-50 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Waterford 3 sale/leaseback accumulated deferred income taxes, Entergy System Agreement bandwidth remedy calculations.
10/09	2009-00329	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Company, Kentucky Utilities Company	Trimble County 2 depreciation rates.

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12/09	PUE-2009-00030	VA	Old Dominion Committee for Fair Utility Rates	Appalachian Power Company	Return on equity incentive.
12/09	ER09-1224 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Hypothetical versus actual costs, out of period costs, Spindletop deferred capital costs, Waterford 3 sale/leaseback ADIT.
01/10	ER09-1224 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Hypothetical versus actual costs, out of period costs, Spindletop deferred capital costs, Waterford 3 sale/leaseback ADIT.
01/10	EL09-50 Rebuttal Supplemental Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Waterford 3 sale/leaseback accumulated deferred income taxes, Entergy System Agreement bandwidth remedy calculations.
02/10	ER09-1224 Final	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Hypothetical versus actual costs, out of period costs, Spindletop deferred capital costs, Waterford 3 sale/leaseback ADIT.
02/10	30442 Wackerly-Kollen Panel	GA	Georgia Public Service Commission Staff	Atmos Energy Corporation	Revenue requirement issues.
02/10	30442 McBride-Kollen Panel	GA	Georgia Public Service Commission Staff	Atmos Energy Corporation	Affiliate/division transactions, cost allocation, capital structure.
02/10	2009-00353	KY	Kentucky Industrial Utility Customers, Inc., Attorney General	Louisville Gas and Electric Company, Kentucky Utilities Company	Ratemaking recovery of wind power purchased power agreements.
03/10	2009-00545	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Ratemaking recovery of wind power purchased power agreement.
03/10	E015/GR-09-1151	MN	Large Power Interveners	Minnesota Power	Revenue requirement issues, cost overruns on environmental retrofit project.
03/10	EL10-55	FERC	Louisiana Public Service Commission	Entergy Services, Inc., Entergy Operating Cos	Depreciation expense and effects on System Agreement tariffs.
04/10	2009-00459	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Revenue requirement issues.
04/10	2009-00548, 2009-00549	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Company, Louisville Gas and Electric Company	Revenue requirement issues.
08/10	31647	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Company	Revenue requirement and synergy savings issues.



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08/10	31647 Wackerly-Kollen Panel	GA	Georgia Public Service Commission Staff	Atlanta Gas Light Company	Affiliate transaction and Customer First program issues.
08/10	2010-00204	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Company, Kentucky Utilities Company	PPL acquisition of E.ON U.S. (LG&E and KU) conditions, acquisition savings, sharing deferral mechanism.
09/10	38339 Direct and Cross-Rebuttal	TX	Gulf Coast Coalition of Cities	CenterPoint Energy Houston Electric	Revenue requirement issues, including consolidated tax savings adjustment, incentive compensation FIN 48; AMS surcharge including roll-in to base rates; rate case expenses.
09/10	EL10-55	FERC	Louisiana Public Service Commission	Entergy Services, Inc., Entergy Operating Cos	Depreciation rates and expense input effects on System Agreement tariffs.
09/10	2010-00167	KY	Gallatin Steel	East Kentucky Power Cooperative, Inc.	Revenue requirements.
09/10	U-23327 Subdocket E Direct	LA	Louisiana Public Service Commission	SWEPCO	Fuel audit: S02 allowance expense, variable O&M expense, off-system sales margin sharing.
11/10	U-23327 Rebuttal	LA	Louisiana Public Service Commission	SWEPCO	Fuel audit: S02 allowance expense, variable O&M expense, off-system sales margin sharing.
09/10	U-31351	LA	Louisiana Public Service Commission Staff	SWEPCO and Valley Electric Membership Cooperative	Sale of Valley assets to SWEPCO and dissolution of Valley.
10/10	10-1261-EL-UNC	OH	Ohio OCC, Ohio Manufacturers Association, Ohio Energy Group, Ohio Hospital Association, Appalachian Peace and Justice Network	Columbus Southern Power Company	Significantly excessive earnings test.
10/10	10-0713-E-PC	WV	West Virginia Energy Users Group	Monongahela Power Company, Potomac Edison Power Company	Merger of First Energy and Allegheny Energy.
10/10	U-23327 Subdocket F Direct	LA	Louisiana Public Service Commission Staff	SWEPCO	AFUDC adjustments in Formula Rate Plan.
11/10	EL10-55 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc., Entergy Operating Cos	Depreciation rates and expense input effects on System Agreement tariffs.
12/10	ER10-1350 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc. Entergy Operating Cos	Waterford 3 lease amortization, ADIT, and fuel inventory effects on System Agreement tariffs.

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Date	Case	Jurisdic.	Party	Utility	Subject
01/11	ER10-1350 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc., Entergy Operating Cos	Waterford 3 lease amortization, ADIT, and fuel inventory effects on System Agreement tariffs.
03/11	ER10-2001 Direct	FERC	Louisiana Public Service Commission	Entergy Services, Inc., Entergy Arkansas, Inc.	EAI depreciation rates.
04/11	Cross-Answering				
04/11	U-23327 Subdocket E	LA	Louisiana Public Service Commission Staff	SWEPCO	Settlement, incl resolution of SO2 allowance expense, var O&M expense, sharing of OSS margins.
04/11	38306 Direct	TX	Cities Served by Texas- New Mexico Power Company	Texas-New Mexico Power Company	AMS deployment plan, AMS Surcharge, rate case expenses.
05/11	Suppl Direct				
05/11	11-0274-E-GI	WV	West Virginia Energy Users Group	Appalachian Power Company, Wheeling Power Company	Deferral recovery phase-in, construction surcharge.
05/11	2011-00036	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Revenue requirements.
06/11	29849	GA	Georgia Public Service Commission Staff	Georgia Power Company	Accounting issues related to Vogtle risk-sharing mechanism.
07/11	ER11-2161 Direct and Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and Entergy Texas, Inc.	ETI depreciation rates; accounting issues.
07/11	PUE-2011-00027	VA	Virginia Committee for Fair Utility Rates	Virginia Electric and Power Company	Return on equity performance incentive.
07/11	11-346-EL-SSO 11-348-EL-SSO 11-349-EL-AAM 11-350-EL-AAM	OH	Ohio Energy Group	AEP-OH	Equity Stabilization Incentive Plan; actual earned returns; ADIT offsets in riders.
08/11	U-23327 Subdocket F Rebuttal	LA	Louisiana Public Service Commission Staff	SWEPCO	Depreciation rates and service lives; AFUDC adjustments.
08/11	05-UR-105	WI	Wisconsin Industrial Energy Group	WE Energies, Inc.	Suspended amortization expenses; revenue requirements.
08/11	ER11-2161 Cross-Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc. and Entergy Texas, Inc.	ETI depreciation rates; accounting issues.
09/11	PUC Docket 39504	TX	Gulf Coast Coalition of Cities	CenterPoint Energy Houston Electric	Investment tax credit, excess deferred income taxes; normalization.
09/11	2011-00161 2011-00162	KY	Kentucky Industrial Utility Consumers, Inc.	Louisville Gas & Electric Company, Kentucky Utilities Company	Environmental requirements and financing.

**Expert Testimony Appearances  
of  
Lane Kollen  
As of August 2018**

Date	Case	Jurisdic.	Party	Utility	Subject
10/11	11-4571-EL-UNC 11-4572-EL-UNC	OH	Ohio Energy Group	Columbus Southern Power Company, Ohio Power Company	Significantly excessive earnings.
10/11	4220-UR-117 Direct	WI	Wisconsin Industrial Energy Group	Northern States Power-Wisconsin	Nuclear O&M, depreciation.
11/11	4220-UR-117 Surrebuttal	WI	Wisconsin Industrial Energy Group	Northern States Power-Wisconsin	Nuclear O&M, depreciation.
11/11	PUC Docket 39722	TX	Cities Served by AEP Texas Central Company	AEP Texas Central Company	Investment tax credit, excess deferred income taxes; normalization.
02/12	PUC Docket 40020	TX	Cities Served by Oncor	Lone Star Transmission, LLC	Temporary rates.
03/12	11AL-947E Answer	CO	Climax Molybdenum Company and CF&I Steel, L.P. d/b/a Evraz Rocky Mountain Steel	Public Service Company of Colorado	Revenue requirements, including historic test year, future test year, CACJA CWIP, contra-AFUDC.
03/12	2011-00401	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Big Sandy 2 environmental retrofits and environmental surcharge recovery.
4/12	2011-00036 Direct Rehearing Supplemental Direct Rehearing	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Rate case expenses, depreciation rates and expense.
04/12	10-2929-EL-UNC	OH	Ohio Energy Group	AEP Ohio Power	State compensation mechanism, CRES capacity charges, Equity Stabilization Mechanism
05/12	11-346-EL-SSO 11-348-EL-SSO	OH	Ohio Energy Group	AEP Ohio Power	State compensation mechanism, Equity Stabilization Mechanism, Retail Stability Rider.
05/12	11-4393-EL-RDR	OH	Ohio Energy Group	Duke Energy Ohio, Inc.	Incentives for over-compliance on EE/PDR mandates.
06/12	40020	TX	Cities Served by Oncor	Lone Star Transmission, LLC	Revenue requirements, including ADIT, bonus depreciation and NOL, working capital, self insurance, depreciation rates, federal income tax expense.
07/12	120015-EI	FL	South Florida Hospital and Healthcare Association	Florida Power & Light Company	Revenue requirements, including vegetation management, nuclear outage expense, cash working capital, CWIP in rate base.
07/12	2012-00063	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corp.	Environmental retrofits, including environmental surcharge recovery.
09/12	05-UR-106	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Electric Power Company	Section 1603 grants, new solar facility, payroll expenses, cost of debt.

**Expert Testimony Appearances  
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As of August 2018**

Date	Case	Jurisdicht.	Party	Utility	Subject
10/12	2012-00221 2012-00222	KY	Kentucky Industrial Utility Customers, Inc.	Louisville Gas and Electric Company, Kentucky Utilities Company	Revenue requirements, including off-system sales, outage maintenance, storm damage, injuries and damages, depreciation rates and expense.
10/12	120015-EI Direct	FL	South Florida Hospital and Healthcare Association	Florida Power & Light Company	Settlement issues.
11/12	120015-EI Rebuttal	FL	South Florida Hospital and Healthcare Association	Florida Power & Light Company	Settlement issues.
10/12	40604	TX	Steering Committee of Cities Served by Oncor	Cross Texas Transmission, LLC	Policy and procedural issues, revenue requirements, including AFUDC, ADIT – bonus depreciation & NOL, incentive compensation, staffing, self-insurance, net salvage, depreciation rates and expense, income tax expense.
11/12	40627 Direct	TX	City of Austin d/b/a Austin Energy	City of Austin d/b/a Austin Energy	Rate case expenses.
12/12	40443	TX	Cities Served by SWEPCO	Southwestern Electric Power Company	Revenue requirements, including depreciation rates and service lives, O&M expenses, consolidated tax savings, CWIP in rate base, Turk plant costs.
12/12	U-29764	LA	Louisiana Public Service Commission Staff	Entergy Gulf States Louisiana, LLC and Entergy Louisiana, LLC	Termination of purchased power contracts between EGSL and ETI, Spindletop regulatory asset.
01/13	ER12-1384 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Gulf States Louisiana, LLC and Entergy Louisiana, LLC	Little Gypsy 3 cancellation costs.
02/13	40627 Rebuttal	TX	City of Austin d/b/a Austin Energy	City of Austin d/b/a Austin Energy	Rate case expenses.
03/13	12-426-EL-SSO	OH	The Ohio Energy Group	The Dayton Power and Light Company	Capacity charges under state compensation mechanism, Service Stability Rider, Switching Tracker.
04/13	12-2400-EL-UNC	OH	The Ohio Energy Group	Duke Energy Ohio, Inc.	Capacity charges under state compensation mechanism, deferrals, rider to recover deferrals.
04/13	2012-00578	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Resource plan, including acquisition of interest in Mitchell plant.
05/13	2012-00535	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Revenue requirements, excess capacity, restructuring.
06/13	12-3254-EL-UNC	OH	The Ohio Energy Group, Inc., Office of the Ohio Consumers' Counsel	Ohio Power Company	Energy auctions under CBP, including reserve prices.

**J. KENNEDY AND ASSOCIATES, INC.**

**Expert Testimony Appearances  
of  
Lane Kollen  
As of August 2018**

Date	Case	Jurisdicht.	Party	Utility	Subject
07/13	2013-00144	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Biomass renewable energy purchase agreement.
07/13	2013-00221	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Agreements to provide Century Hawesville Smelter market access.
10/13	2013-00199	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Revenue requirements, excess capacity, restructuring.
12/13	2013-00413	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Agreements to provide Century Sebree Smelter market access.
01/14	ER10-1350 Direct and Answering	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Waterford 3 lease accounting and treatment in annual bandwidth filings.
02/14	U-32981	LA	Louisiana Public Service Commission	Entergy Louisiana, LLC	Montauk renewable energy PPA.
04/14	ER13-432 Direct	FERC	Louisiana Public Service Commission	Entergy Gulf States Louisiana, LLC and Entergy Louisiana, LLC	UP Settlement benefits and damages.
05/14	PUE-2013-00132	VA	HP Hood LLC	Shenandoah Valley Electric Cooperative	Market based rate; load control tariffs.
07/14	PUE-2014-00033	VA	Virginia Committee for Fair Utility Rates	Virginia Electric and Power Company	Fuel and purchased power hedge accounting, change in FAC Definitional Framework.
08/14	ER13-432 Rebuttal	FERC	Louisiana Public Service Commission	Entergy Gulf States Louisiana, LLC and Entergy Louisiana, LLC	UP Settlement benefits and damages.
08/14	2014-00134	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Requirements power sales agreements with Nebraska entities.
09/14	E-015/CN-12-1163 Direct	MN	Large Power Intervenors	Minnesota Power	Great Northern Transmission Line; cost cap; AFUDC v. current recovery; rider v. base recovery; class cost allocation.
10/14	2014-00225	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Allocation of fuel costs to off-system sales.
10/14	ER13-1508	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Entergy service agreements and tariffs for affiliate power purchases and sales; return on equity.
10/14	14-0702-E-42T 14-0701-E-D	WV	West Virginia Energy Users Group	First Energy-Monongahela Power, Potomac Edison	Consolidated tax savings; payroll; pension, OPEB, amortization; depreciation; environmental surcharge.
11/14	E-015/CN-12-1163 Surrebuttal	MN	Large Power Intervenors	Minnesota Power	Great Northern Transmission Line; cost cap; AFUDC v. current recovery; rider v. base recovery; class allocation.

**Expert Testimony Appearances  
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Lane Kollen  
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Date	Case	Jurisdict.	Party	Utility	Subject
11/14	05-376-EL-UNC	OH	Ohio Energy Group	Ohio Power Company	Refund of IGCC CWIP financing cost recoveries.
11/14	14AL-0660E	CO	Climax, CF&I Steel	Public Service Company of Colorado	Historic test year v. future test year; AFUDC v. current return; CACJA rider, transmission rider; equivalent availability rider; ADIT; depreciation; royalty income; amortization.
12/14	EL14-026	SD	Black Hills Industrial Intervenor	Black Hills Power Company	Revenue requirement issues, including depreciation expense and affiliate charges.
12/14	14-1152-E-42T	WV	West Virginia Energy Users Group	AEP-Appalachian Power Company	Income taxes, payroll, pension, OPEB, deferred costs and write offs, depreciation rates, environmental projects surcharge.
01/15	9400-YO-100 Direct	WI	Wisconsin Industrial Energy Group	Wisconsin Energy Corporation	WEC acquisition of Integrys Energy Group, Inc.
01/15	14F-0336EG 14F-0404EG	CO	Development Recovery Company LLC	Public Service Company of Colorado	Line extension policies and refunds.
02/15	9400-YO-100 Rebuttal	WI	Wisconsin Industrial Energy Group	Wisconsin Energy Corporation	WEC acquisition of Integrys Energy Group, Inc.
03/15	2014-00396	KY	Kentucky Industrial Utility Customers, Inc.	AEP-Kentucky Power Company	Base, Big Sandy 2 retirement rider, environmental surcharge, and Big Sandy 1 operation rider revenue requirements, depreciation rates, financing, deferrals.
03/15	2014-00371 2014-00372	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Company and Louisville Gas and Electric Company	Revenue requirements, staffing and payroll, depreciation rates.
04/15	2014-00450	KY	Kentucky Industrial Utility Customers, Inc. and the Attorney General of the Commonwealth of Kentucky	AEP-Kentucky Power Company	Allocation of fuel costs between native load and off-system sales.
04/15	2014-00455	KY	Kentucky Industrial Utility Customers, Inc. and the Attorney General of the Commonwealth of Kentucky	Big Rivers Electric Corporation	Allocation of fuel costs between native load and off-system sales.
04/15	ER2014-0370	MO	Midwest Energy Consumers' Group	Kansas City Power & Light Company	Affiliate transactions, operation and maintenance expense, management audit.
05/15	PUE-2015-00022	VA	Virginia Committee for Fair Utility Rates	Virginia Electric and Power Company	Fuel and purchased power hedge accounting; change in FAC Definitional Framework.
05/15 09/15	EL10-65 Direct, Rebuttal Complaint	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Accounting for AFUDC Debt, related ADIT.

**Expert Testimony Appearances  
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Date	Case	Jurisdicht.	Party	Utility	Subject
07/15	EL10-65 Direct and Answering Consolidated Bandwidth Dockets	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Waterford 3 sale/leaseback ADIT, Bandwidth Formula.
09/15	14-1693-EL-RDR	OH	Public Utilities Commission of Ohio	Ohio Energy Group	PPA rider for charges or credits for physical hedges against market.
12/15	45188	TX	Cities Served by Oncor Electric Delivery Company	Oncor Electric Delivery Company	Hunt family acquisition of Oncor; transaction structure; income tax savings from real estate investment trust (REIT) structure; conditions.
12/15	6680-CE-176 Direct, Surrebuttal, Supplemental Rebuttal	WI	Wisconsin Industrial Energy Group, Inc.	Wisconsin Power and Light Company	Need for capacity and economics of proposed Riverside Energy Center Expansion project; ratemaking conditions.
03/16 03/16 04/16 05/16 06/16	EL01-88 Remand Direct Answering Cross-Answering Rebuttal	FERC	Louisiana Public Service Commission	Entergy Services, Inc.	Bandwidth Formula: Capital structure, fuel inventory, Waterford 3 sale/leaseback, Vidalia purchased power, ADIT, Blythesville, Spindletop, River Bend AFUDC, property insurance reserve, nuclear depreciation expense.
03/16	15-1673-E-T	WV	West Virginia Energy Users Group	Appalachian Power Company	Terms and conditions of utility service for commercial and industrial customers, including security deposits.
04/16	39971 Panel Direct	GA	Georgia Public Service Commission Staff	Southern Company, AGL Resources, Georgia Power Company, Atlanta Gas Light Company	Southern Company acquisition of AGL Resources, risks, opportunities, quantification of savings, ratemaking implications, conditions, settlement.
04/16	2015-00343	KY	Office of the Attorney General	Atmos Energy Corporation	Revenue requirements, including NOL ADIT, affiliate transactions.
04/16	2016-00070	KY	Office of the Attorney General	Atmos Energy Corporation	R & D Rider.
05/16	2016-00026 2016-00027	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Co., Louisville Gas & Electric Co.	Need for environmental projects, calculation of environmental surcharge rider.
05/16	16-G-0058 16-G-0059	NY	New York City	Keyspan Gas East Corp., Brooklyn Union Gas Company	Depreciation, including excess reserves, leak prone pipe.
06/16	160088-EI	FL	South Florida Hospital and Healthcare Association	Florida Power and Light Company	Fuel Adjustment Clause Incentive Mechanism re: economy sales and purchases, asset optimization.

**Expert Testimony Appearances  
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Date	Case	Jurisdic.	Party	Utility	Subject
07/16	160021-EI	FL	South Florida Hospital and Healthcare Association	Florida Power and Light Company	Revenue requirements, including capital recovery, depreciation, ADIT.
07/16	16-057-01	UT	Office of Consumer Services	Dominion Resources, Inc. / Questar Corporation	Merger, risks, harms, benefits, accounting.
08/16	15-1022-EL-UNC 16-1105-EL-UNC	OH	Ohio Energy Group	AEP Ohio Power Company	SEET earnings, effects of other pending proceedings.
9/16	2016-00162	KY	Office of the Attorney General	Columbia Gas Kentucky	Revenue requirements, O&M expense, depreciation, affiliate transactions.
09/16	E-22 Sub 519, 532, 533	NC	Nucor Steel	Dominion North Carolina Power Company	Revenue requirements, deferrals and amortizations.
09/16	15-1256-G-390P (Reopened) 16-0922-G-390P	WV	West Virginia Energy Users Group	Mountaineer Gas Company	Infrastructure rider, including NOL ADIT and other income tax normalization and calculation issues.
10/16	10-2929-EL-UNC 11-346-EL-SSO 11-348-EL-SSO 11-349-EL-SSO 11-350-EL-SSO 14-1186-EL-RDR	OH	Ohio Energy Group	AEP Ohio Power Company	State compensation mechanism, capacity cost, Retail Stability Rider deferrals, refunds, SEET.
11/16	16-0395-EL-SSO Direct	OH	Ohio Energy Group	Dayton Power & Light Company	Credit support and other riders; financial stability of Utility, holding company.
12/16	Formal Case 1139	DC	Healthcare Council of the National Capital Area	Potomac Electric Power Company	Post test year adjust, merger costs, NOL ADIT, incentive compensation, rent.
01/17	46238	TX	Steering Committee of Cities Served by Oncor	Oncor Electric Delivery Company	Next Era acquisition of Oncor; goodwill, transaction costs, transition costs, cost deferrals, ratemaking issues.
02/17	16-0395-EL-SSO Direct (Stipulation)	OH	Ohio Energy Group	Dayton Power & Light Company	Non-unanimous stipulation re: credit support and other riders; financial stability of utility, holding company.
02/17	45414	TX	Cities of Midland, McAllen, and Colorado City	Sharyland Utilities, LP, Sharyland Distribution & Transmission Services, LLC	Income taxes, depreciation, deferred costs, affiliate expenses.
03/17	2016-00370 2016-00371	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Utilities Company, Louisville Gas and Electric Company	AMS, capital expenditures, maintenance expense, amortization expense, depreciation rates and expense.
06/17	29849 (Panel with Philip Hayet)	GA	Georgia Public Service Commission Staff	Georgia Power Company	Vogtle 3 and 4 economics.



Expert Testimony Appearances  
of  
Lane Kollen  
As of August 2018

Date	Case	Jurisdic.	Party	Utility	Subject
08/17	17-0296-E-PC	WV	Public Service Commission of West Virginia Charleston	Monongahela Power Company, The Potomac Edison Power Company	ADIT, OPEB.
10/17	2017-00179	KY	Kentucky Industrial Utility Customers, Inc.	Kentucky Power Company	Weather normalization, Rockport lease, O&M, incentive compensation, depreciation, income taxes.
10/17	2017-00287	KY	Kentucky Industrial Utility Customers, Inc.	Big Rivers Electric Corporation	Fuel cost allocation to native load customers.
12/17	2017-00321	KY	Attorney General	Duke Energy Kentucky	Revenues, depreciation, income taxes, O&M, regulatory assets, environmental surcharge rider, FERC transmission cost reconciliation rider.
12/17	29849 (Panel with Philip Hayet, Tom Newsome)	GA	Georgia Public Service Commission Staff	Georgia Power Company	Vogtle 3 and 4 economics, tax abandonment loss.
01/18	2017-00349	KY	Kentucky Attorney General	Atmos Energy Kentucky	O&M expense, depreciation, regulatory assets and amortization, Annual Review Mechanism, Pipeline Replacement Program and Rider, affiliate expenses.
06/18	18-0047	OH	Ohio Energy Group	Ohio Electric Utilities	Tax Cuts and Jobs Act. Reduction in income tax expense; amortization of excess ADIT.
07/18	T-34695	LA	LPSC Staff	Crimson Gulf, LLC	Revenues, depreciation, income taxes, O&M, ADIT.
08/18	48325	TX	Cities Served by Oncor	Oncor Electric Delivery Company	Tax Cuts and Jobs Act; amortization of excess ADIT.
08/18	48401	TX	Cities Served by TNMP	Texas-New Mexico Power Company	Revenues, payroll, income taxes, amortization of excess ADIT, capital structure.
08/18	2018-00146	KY	KIUC	Big Rivers Electric Corporation	Station Two contracts termination, regulatory asset, regulatory liability for savings

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
AUDIT INFORMATION REQUEST**

**DOCKET NO. 2017-207-E (7th Continuing AIR)**

**DOCKET NO. 2017-305-E (6th Continuing AIR)**

**DOCKET NO. 2017-370-E (6th Continuing AIR)**

**REQUEST 6-17:**

Refer to page 113 of the SCANA 2017 10-K, which states:

A pre-tax impairment loss was recorded in the aggregate amount of \$361 million to write off costs which had been previously deferred, primarily as regulatory assets, in connection with the Nuclear Project. Such regulatory assets included deferred losses on interest rate swaps for which debt will not be issued due to the abandonment of the Nuclear Project, carrying costs on deferred tax assets arising from the capitalization of interest costs for tax purposes, net deferred costs and tax benefits related to foregone domestic production activities deductions (net of uncertain tax positions and credits) taken with respect to the project, and taxes associated with equity AFC.

In addition, refer to the response to ORS 1-137 which details \$323.641 million in regulatory assets that SCE&G does not plan to seek recovery of by type, as outlined in Section 57.c. of the Joint Application.

- a. Provide a reconciliation between the amount for each regulatory asset comprising the \$361 million included in the December 2017 actual writeoffs and the amount for each comparable regulatory asset comprising the \$323.641 million cited in response to ORS 1-137.
- b. Refer to the response to part (a) of this question. Provide all workpapers used to calculate the actual regulatory asset writeoffs cited in the 2017 10-K and the regulatory asset writeoffs cited in response to ORS 1-137, including electronic spreadsheets in live format with all formulas intact.
- c. Refer to the response to part (a) of this question. Provide the related income tax effects of the actual regulatory asset writeoffs cited in the 2017 10-K and the regulatory asset

writeoffs cited in response to ORS 1-137. Provide all workpapers used in calculating the income tax effects, including electronic spreadsheets in live format with all formulas intact.

- d. Provide all journal entries, including accounts/subaccounts and amounts, related to the actual December 2017 regulatory asset writeoffs, including the related income tax journal entries. Provide a detailed description of each account/subaccount used for this purpose that is not listed and defined in the FERC USOA.

**RESPONSE 6-17:**

- a. The tax abandonment claim in December 2017 generated a net operating loss position for SCANA, including SCE&G. SCANA's intention is to carryback a portion of this net operating loss to 2015, which would eliminate the \$37.6 million Domestic Production Activities Deduction (DPAD) claimed in that year. As SCANA and SCE&G have committed that they will not recover the regulatory assets associated with the NND project, including foregone DPAD, the 2015 DPAD was written off in addition to the other regulatory assets as part of the \$361 million impairment.
- b. - d. See attached files.

Responsible person: Keith Coffey, Jr. and Virginia Smith

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
AUDIT INFORMATION REQUEST**

**DOCKET NO. 2017-207-E (6th Continuing AIR)**

**DOCKET NO. 2017-305-E (5th Continuing AIR)**

**DOCKET NO. 2017-370-E (5th Continuing AIR)**

**REQUEST 5-13:**

Please state if any expenses were incurred on the project from October 2017 through December 31, 2017 that are sought to be recovered.

**RESPONSE 5-13:**

SCE&G is not seeking recovery of any project costs incurred from October 1, 2017 through December 31, 2017. In accordance with its customary practice, in December 2017, SCE&G recorded a true up of project AFUDC recorded as of July 31, 2017 to reflect SCE&G's final annual AFUDC rate calculated in accordance with the Federal Energy Regulatory Commission's (FERC) Order No. 561 and Electric Plant Instruction No. 3.17 of the Uniform System of Accounts. This AFUDC true up resulted in an additional \$897,783 of AFUDC being recognized.

Responsible person: Keith Coffey

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
AUDIT INFORMATION REQUEST**

**DOCKET NO. 2017-207-E (8th Continuing AIR)**

**DOCKET NO. 2017-305-E (7th Continuing AIR)**

**DOCKET NO. 2017-370-E (7th Continuing AIR)**

**REQUEST 7-15:**

Indicate whether the ADIT, other than the NOL asset ADIT, that will be used in the calculation of rate base for the CCR revenue requirements under the Merger CBP will reflect the reductions in ADIT related to additional impairment loss or other write-offs proposed by the Applicants or that are related to disallowances of NND costs that may be imposed by the Commission. Explain your response.

**RESPONSE 7-15:**

The Customer Benefits Plan's approval, with no material changes to its terms, conditions or undertakings, and no significant change to its economic value, is an essential and requisite condition of the Merger. Without Plan approval, the Merger will not occur.

Additional impairments, write-offs proposed by the Applicants, or disallowances of NND that may be imposed by the Commission will reduce the book basis of the capital cost included in the CCR. A reduction in the book basis of the capital cost will automatically reverse a portion of the ADIT liability.

As stated in the Joint Petition, Dominion Energy's proposal is the CCR includes the capital costs of \$3.33 billion, and an ADIT liability offset by the NOL asset ADIT. If the CCR capital cost of \$3.33 billion is further reduced by a disallowance imposed by the Commission, the ADIT liability in the CCR must be based on the reduced book cost.

**RESPONSIBLE PERSON:** William Kurz

September 10, 2018

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## 980 Regulated Operations

### 405 Liabilities

### 25 Recognition

**General Note:** The Recognition Section provides guidance on the required criteria, timing, and location (within the financial statements) for recording a particular item in the financial statements. Disclosure is not recognition.

**General Note for Fair Value Option:** Some of the items subject to the guidance in this Subtopic may qualify for application of the Fair Value Option Subsections of Subtopic 825-10. Those Subsections (see paragraph 825-10-05-5) address circumstances in which entities may choose, at specified election dates, to measure eligible items at fair value (the fair value option). See Section 825-10-15 for guidance on the scope of the Fair Value Option Subsections of the Financial Instruments Topic.

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## General

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### > Regulator-Imposed Liabilities

**980-405-25-1** Rate actions of a regulator can impose a liability on a regulated entity. Such liabilities are usually obligations to the entity's customers. The following are the usual ways in which liabilities can be imposed and the resulting accounting:

- a. A regulator may require refunds to customers. Refunds can be paid to the customers who paid the amounts being refunded; however, they are usually provided to current customers by reducing current charges. Refunds that meet the criteria of accrual of loss contingencies (see paragraph 450-20-25-2) shall be recorded as liabilities and as reductions of revenue or as expenses of the regulated entity.
- b. A regulator can provide current rates intended to recover costs that are expected to be incurred in the future with the understanding that if those costs are not incurred future rates will be reduced by corresponding amounts. If current rates are intended to recover such costs and the regulator requires the entity to remain accountable for any amounts charged pursuant to such rates and not yet expended for the intended purpose, the entity shall not recognize as revenues amounts charged pursuant to such rates. The usual mechanism used by regulators for this purpose is to require the regulated entity to record the anticipated cost as a liability in its regulatory accounting records. Those amounts shall be recognized as liabilities and taken to income only when the associated costs are incurred. (For related implementation guidance, see paragraph 980-405-55-1).
- c. A regulator can require that a gain or other reduction of net **allowable costs** be given to customers over future periods. That would be accomplished, for rate-making purposes, by amortizing the gain or other reduction of net allowable costs over those future periods and

reducing rates to reduce revenues in approximately the amount of the amortization. If a gain or other reduction of net allowable costs is to be amortized over future periods for rate-making purposes, the regulated entity shall not recognize that gain or other reduction of net allowable costs in income of the current period. Instead, it shall record it as a liability for future reductions of charges to customers that are expected to result.

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
AUDIT INFORMATION REQUEST**

**DOCKET NO. 2017-207-E (8th Continuing AIR)**

**DOCKET NO. 2017-305-E (7th Continuing AIR)**

**DOCKET NO. 2017-370-E (7th Continuing AIR)**

**REQUEST 7-18:**

Provide a calculation of the actual annualized discount rate due to the monetization of the Toshiba parental guarantee payments compared to the schedule of the amounts and timing of the Toshiba parental guarantee payments pursuant to the Toshiba settlement agreement. Provide the calculation with and without the related advisory fees and expenses incurred to negotiate the Toshiba settlement agreement and with and without the fees related to the monetization.

**RESPONSE 7-18:**

On July 27, 2017, South Carolina Electric & Gas Company ("SCE&G") and the South Carolina Public Service Authority ("Santee Cooper" and together with SCE&G, the "Owners"), entered into a settlement agreement with Toshiba Corporation ("Toshiba") with respect to its parent guarantee obligations under the EPC Agreement between Westinghouse, Toshiba's wholly owned subsidiary, and the Owners (the "Settlement Agreement"). The Settlement Agreement required that, among other things, Toshiba pay the Owners \$2.168 billion in monthly installments between October 2017 and September 2022 (the "Claim").

Toshiba faced heightened financial pressures at the time due to losses associated with Westinghouse, which resulted in negative shareholder's equity on Toshiba's balance sheet. Toshiba had to adhere to a timeline to find a solution to eliminate its equity deficit or face a delisting from the Tokyo Stock Exchange. Uncertainty around Toshiba's financial health continued even as it attempted to address its contingent liability exposure from Westinghouse. There was continuing uncertainty as to whether Toshiba would be able to remedy its balance sheet and continue as a going concern which created risk on the scheduled monthly installment payments under the Settlement Agreement for the Owners. Under the Settlement Agreement, the Owners were subject to the same credit risk as unsecured creditors of Toshiba. The Owners determined that managing Toshiba credit risk is not a core competency and determined that monetization of the Claim was in the best interest of its constituents.

On September 27, 2017, the Owners sold their interest in the Claim (excluding the October 2017 payment) to an affiliate of Citibank N.A. for 91.530% of the \$2.018 billion notional amount of the Claim being monetized. The monetization of the Claim resulted in proceeds to the Owners of \$1.847 billion. As detailed in



Table I, based on the monthly stream of payments under the Settlement Agreement, the Owners' \$1.997 billion of proceeds, inclusive of the \$150 million October 2017 payment, implied an annualized discount rate of approximately 3.447% as of September 27, 2017.

**RESPONSIBLE PERSON:** Christina Putnam

Table I: Calculation of Annualized Discount Rate From Monetization of Payments as Per Schedule 2.2 Under Toshiba Parent Guarantee Settlement Agreement

Toshiba Parent Guarantee Settlement Claim Sale Calculation (09/27/2017)	
(\$ in millions)	
Notional Amount of Toshiba Settlement Claim <sup>(1)</sup>	\$2,168.00
(-) October 1 Payment	(150.00)
Toshiba Claim For Sale	\$2,018.00
(x) Purchase Price	91.530%
Toshiba Claim Monetization Proceeds	\$1,847.08
(+) October 1 Payment	150.00
Net Toshiba Parent Guarantee Proceeds	\$1,997.08
Implied Annualized Discount Rate at 09/27/2017	3.447%

Date	Monthly Payments <sup>(1)</sup>	Cumulative Monthly Payments	NPV Analysis at 09/27/2017	
			@ 3.447% Discount Rate	
			Discount Factor	NPV
Oct-17	\$150.00	\$150.00	99.96%	\$149.94
Nov-17	32.50	182.50	99.68%	32.39
Dec-17	32.50	215.00	99.40%	32.30
Jan-18	32.50	247.50	99.11%	32.21
Feb-18	32.50	280.00	98.83%	32.12
Mar-18	32.50	312.50	98.57%	32.04
Apr-18	23.50	336.00	98.29%	23.10
May-18	23.50	359.50	98.01%	23.03
Jun-18	23.50	383.00	97.73%	22.97
Jul-18	23.50	406.50	97.46%	22.90
Aug-18	23.50	430.00	97.18%	22.84
Sep-18	23.50	453.50	96.90%	22.77
Oct-18	23.50	477.00	96.63%	22.71
Nov-18	23.50	500.50	96.35%	22.64
Dec-18	23.50	524.00	96.09%	22.58
Jan-19	23.50	547.50	95.81%	22.52
Feb-19	23.50	571.00	95.53%	22.45
Mar-19	37.50	608.50	95.29%	35.73
Apr-19	37.50	646.00	95.01%	35.63
May-19	37.50	683.50	94.75%	35.53
Jun-19	37.50	721.00	94.48%	35.43
Jul-19	37.50	758.50	94.21%	35.33
Aug-19	37.50	796.00	93.94%	35.23
Sep-19	37.50	833.50	93.67%	35.13
Oct-19	37.50	871.00	93.41%	35.03
Nov-19	37.50	908.50	93.14%	34.93
Dec-19	37.50	946.00	92.88%	34.83
Jan-20	37.50	983.50	92.62%	34.73
Feb-20	37.50	1,021.00	92.35%	34.63
Mar-20	37.50	1,058.50	92.10%	34.54
Apr-20	37.50	1,096.00	91.84%	34.44
May-20	37.50	1,133.50	91.58%	34.34
Jun-20	37.50	1,171.00	91.32%	34.24
Jul-20	37.50	1,208.50	91.06%	34.15
Aug-20	37.50	1,246.00	90.80%	34.05
Sep-20	37.50	1,283.50	90.54%	33.95
Oct-20	37.50	1,321.00	90.29%	33.86
Nov-20	37.50	1,358.50	90.03%	33.76
Dec-20	37.50	1,396.00	89.78%	33.67
Jan-21	37.50	1,433.50	89.52%	33.57
Feb-21	37.50	1,471.00	89.26%	33.47
Mar-21	37.50	1,508.50	89.03%	33.39
Apr-21	37.50	1,546.00	88.78%	33.29
May-21	37.50	1,583.50	88.53%	33.20
Jun-21	37.50	1,621.00	88.28%	33.10
Jul-21	37.50	1,658.50	88.03%	33.01
Aug-21	37.50	1,696.00	87.78%	32.92
Sep-21	37.50	1,733.50	87.52%	32.82
Oct-21	37.50	1,771.00	87.28%	32.73
Nov-21	37.50	1,808.50	87.03%	32.64
Dec-21	37.50	1,846.00	86.79%	32.55
Jan-22	37.50	1,883.50	86.54%	32.45
Feb-22	37.50	1,921.00	86.29%	32.36
Mar-22	37.50	1,958.50	86.07%	32.27
Apr-22	37.50	1,996.00	85.82%	32.18
May-22	37.50	2,033.50	85.58%	32.09
Jun-22	37.50	2,071.00	85.33%	32.00
Jul-22	37.50	2,108.50	85.10%	31.91
Aug-22	37.50	2,146.00	84.85%	31.82
Sep-22	22.00	2,168.00	84.61%	18.61
Total	\$2,168.00			\$1,997.08

Notes: Numbers shown in USD millions and rounded to two decimal places - may not sum due to rounding

(1) The cash flows reflect the claim payment schedule in Schedule 2.2 to the Toshiba Parental Guarantee Settlement Agreement. SCE&G had rights to 55% of the cash flows.

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
AUDIT INFORMATION REQUEST  
DOCKET NO. 2017-207-E (5th Continuing AIR)  
DOCKET NO. 2017-305-E (4th Continuing AIR)  
DOCKET NO. 2017-370-E (4th Continuing AIR)**

**REQUEST 4-67:**

Provide the SCE&G accounting entries related to the Toshiba guarantee payments, including, but not limited to, the recording of the receivable, the receipt of the first payment, the sale of the receivable to Citibank, and the discount due to the monetization from the sale of the receivable to Citibank. In addition, provide the related income tax accounting entries, including the calculations and workpapers used for this purpose.

**RESPONSE 4-67:**

The entry to record the \$1,015,891,470 receipt from Citibank on September 27, 2017 was recorded via SCE&G's automated Treasury Workstation interface. In addition, in September's business SCE&G accrued its 55% share, or \$82,500,000, of the payment received from Toshiba on October 2, 2017.

SCE&G incurred a Claim Sale Fee and expenses of \$3,161,178.53 related to the sale to Citibank. This amount was paid to Ducera Securities LLC, via wire transfer, on September 29, 2017, and was recorded as an offset to the above receipts in the Toshiba payment regulatory liability via SCE&G's automated Treasury Workstation interface.

SCE&G recorded current taxes payable of \$418,925,600 and a related deferred tax asset associated with the receipt of these net proceeds.

The attached pdf file contains the following:

- Wire confirmation of the \$1,015,891,470 payment from Citibank on September 27, 2017
- Journal entry to record the \$82,500,000 accrual in September of SCE&G's 55% share of the October payment
- Wire confirmation of the \$150,000,000 payment from Toshiba on October 2, 2017
- Wire confirmation of the \$67,500,000 payment to Santee Cooper on October 2, 2017 for their 45% share of the payment from Toshiba
- Wire confirmation of the \$3,161,178.53 payment to Ducera Securities LLC on September 29, 2017
- Invoice from Ducera Securities LLC
- Journal entry to record the \$418,925,600 income tax effect in September 2017

Responsible person: Keith Coffey

## Wire Transfer Detail Report

Custom

As of 09/27/2017

CUSTOMER ID: SCANA166

OPERATOR ID: JTEVANS1

Commercial Electronic Office®

SCANA CORP

09/27/2017 02:21 PM ET

Treasury Information Reporting

Currency: USD

Bank: 121000248

Account: [REDACTED]

WELLS FARGO BANK, N.A.

SCE&amp;G MASTER

Credit Wire Amount	Process Date Time	From	Corresponding Bank:	Status
1,015,891,470.00	09/27/2017 01:02 PM CT	FEDWIRE N/A CITIBANK N.A. N/A	N/A	COMPLETE

Wire Service Reference Number:

0927B1Q8021C024491

Wells Message Number:

170927112198

PC Reference/Confirmation Number:

001STKT172700026

Value Date:

09/27/2017

Wire Type:

195

Wire Amount:

1,015,891,470.00

Transaction Reference Number:

170927112198

USD Equivalent Amount:

1,015,891,470.00

Originator ID:

CITIUS33

Originator Name and Address:

CITIBANK N.A.

399 PARK AVENUE

NEW YORK, NY, US 10022-4617

Instructing Bank Code/ID:

N/A

Instructing Bank Name and Address:

N/A

Sending Party ID:

021000069

Sending Party Name and Address:

CITIBANK N.A. NEW YORK, NY

NEW YORK, NY

UNITED STATES

Bank to Bank Info:

N/A

Beneficiary Bank Code/ID:

N/A

Beneficiary Bank Name and Address:

N/A

Originator to Beneficiary Info:

WESTINGHOUSE ELECTRIC CO

Text:

021000069 CITIBANK N.A. NEW YORK, NY NEW YORK, NY UNITED STATES 80672702600D01 OGB=SECONDARY LOAN TRADING 333 34TH ST 8TH FLOOR NEW YORK, NY 10001 ORG=CITIBANK N.A. 399 PARK AVENUE NEW YORK, NY, US 10022-4617 RFB=001STKT172700026 OBI=WESTINGHOUSE ELECTRIC CO OPI=CITIUS33 IFTR/BNF [REDACTED] SCE AND G MASTER ACCOUNT COMPLETED TIMESTAMP 09/27/2017 12:47 PM CT

Instructed Currency/Amount:

USD/1,015,891,470.00

Exchange Rate:

1.000000

Fed/CHIPS/SWIFT Reference Number:

0927B1Q8021C024491

Completed Timestamp:

09/27/2017 12:47 PM CT

Sender Reference Number:

80672702600D01

Originating Bank Code/ID:

N/A

Originating Bank Name and Address:

SECONDARY LOAN TRADING

333 34TH ST

8TH FLOOR

NEW YORK, NY 10001

Receiving Party ID:

[REDACTED]

Receiving Party Name and Address:

SCE &amp; G GENERAL ACCOUNT

SCANA ACCOUNTING MC B122

220 OPERATION WAY

CAYCE SC 29033

Intermediary Bank Code/ID:

N/A

Intermediary Bank Name and Address:

N/A

Beneficiary Code/ID:

N/A

Beneficiary Reference ID:

[REDACTED]

Beneficiary Name and Address:

SCE AND G MASTER ACCOUNT

Credit Wire Amount	Process Date Time	From	Corresponding Bank:	Status
8,000,000.00	09/27/2017 10:51 AM CT	FEDWIRE N/A SOUTH CAROLINA ELECTRIC & GAS N/A	N/A	COMPLETE



PeopleSoft Financials

Journal Entry Detail Report

Run Date 10/2/2017  
Run Time 3:30PM

Header Business Unit: NU  
Journal ID: 0001MN0502  
Journal Date: 9/30/2017  
Fiscal Year: 2017  
Accounting Period: 9  
Description: Accounting Department Transfer - To accrue SCE&G's share of the \$150million payment received from Toshiba on 10-2-17. Entry will reverse and cash posted to 2540140 in Ocl. business. Prep by L. Withycombe  
Business Unit: NU

Ledger Group: ACTUAL  
Source: ONL  
Reversal: B  
Reversal Date: 10/1/2017  
Journal Status: V

Created By: LW17708  
Submitted By:  
Approved By:  
Attachments: N

Line #	BU	Account	Op Unit	Dept	Res Code	Vendor	Activity	Cust	Serv	Event	Amount	Reference	Description
1	NU	1430001	VCS2	0005	901		ACJV	NUC			82,500,000.00		Oth Ar Other
2	NU	2540140	VCS2	0005	901		ACJV	NUC			-82,500,000.00		Rg Lab-Toshiba Sett Proceeds

Total Lines: 2

Total Debits: \$82,500,000.00

Total Credits: \$82,500,000.00

Prepared By: LW17708  
Reviewed By: LW17708

Header Business Unit: NU Journal ID: 0001MN0502 Journal Date: 2017-09-30  
Description: Accounting Department Transfer - To accrue SCE&G's share of the \$150million payment received from Toshiba on 10-2-17. Entry will reverse and cash posted to 2540140 in Ocl. business. Prep by L. Withycombe

Page 1 of 1



## Wire Transfer Detail Report

## SCEG WIRE CONFIRMATIONS

As of 10/02/2017

CUSTOMER ID: SCANA156

OPERATOR ID: ROBIT421

Commercial Electronic Office<sup>SM</sup>

SCANA CORP

10/02/2017 12:16 PM ET

Treasury Information Reporting

Currency: USD

Bank: 121000240

Account: [REDACTED]

WELLS FARGO BANK, N.A.  
SCE&G MASTER

Wire Amount	Process Date Time	From	Corresponding Bank	Status
① 160,000,000.00	10/02/2017 09:26 AM CT	INTERNATIONAL WELLS FARGO BANK, N.A. TOSHIBA CORPORATION N/A	N/A	COMPLETE

Wire Service Reference Number:

N/A

Wire Message Number:

171002071502

PC Reference/Confirmation Number

N/A

Value Date:

10/02/2017

Wire Type:

208

Wire Amount:

160,000,000.00

Transaction Reference Number:

171002071502

USD Equivalent Amount:

160,000,000.00

Originator ID:

[REDACTED]

Originator Name and Address:

TOSHIBA CORPORATION  
1-1-1 SHIBAURA, MINATO-KU TOKYO  
JAPAN

Instructing Bank Code/ID:

N/A

Instructing Bank Name and Address:

WELLS FARGO BANK, N.A.

375 PARK AVENUE

Sending Party ID:

000028581007211

Sending Party Name and Address:

WELLS FARGO BANK, N.A.

375 PARK AVENUE

NEW YORK, NY

Bank to Bank Info:

N/A

Beneficiary Bank Code/ID:

N/A

Beneficiary Bank Name and Address:

N/A

Originator to Beneficiary Info:

2017/02/28-1 RFB 200TTJ-24143745

Text:

RATE=1.000000 FX AMT=16000000000 CCY=USD 000028581007211 WELLS FARGO BANK, N.A. 375 PARK AVENUE NEW YORK, NY WELLS FARGO BANK, N.A. 375 PARK AVENUE F50928694240000 OGB=SUMITOMO MITSUI BANKING CORPORATION 1-1-2, MARUNOUCHI, CHIODA-KU TOKYO, JP 100-0005 ORG=TOSHIBA CORPORATION 1-1-1 SHIBAURA, MINATO-KU TOKYO JAPAN  
OBI=2017/02/28-1 RFB 200TTJ-24143745 OPI=200-01020138 ITRV BN= SCE AND G MASTER ACCOUNT CAYCE SC USA  
MOR=171002PNBPUS3NBNYC0164645927 COMPLETED TIMESTAMP 10/02/2017 09:26 AM CT

Instructed Currency/Amount:

USD/160,000,000.00

Exchange Rate:

1.000000

Fed/CHIPS/SWIFT Reference Number:

171002PNBPUS3NBNYC0164645927

Completed Timestamp:

10/02/2017 09:26 AM CT

Sender Reference Number:

F50928694240000

Originating Bank Code/ID:

N/A

Originating Bank Name and Address:

SUMITOMO MITSUI BANKING CORPORATION

1-1-2, MARUNOUCHI, CHIODA-KU

TOKYO, JP 100-0005

Receiving Party ID:

[REDACTED]

Receiving Party Name and Address:

SCE &amp; G GENERAL ACCOUNT

SCANA ACCOUNTING MC B122

220 OPERATION WAY

CAYCE SC 29033

Intermediary Bank Code/ID:

N/A

Intermediary Bank Name and Address:

N/A

Beneficiary Code/ID:

N/A

Beneficiary Reference ID:

[REDACTED]

Beneficiary Name and Address:

SCE AND G MASTER ACCOUNT

CAYCE SC USA

① 160,000,000

② (67,500,000)

Less Sinter Share

82,500,000



# Wire Transfer Detail Report

## SCEG WIRE CONFIRMATIONS

As of 10/02/2017

CUSTOMER ID: SCANA156

OPERATOR ID: ROBIT421

Commercial Electronic Office

SCANA CORP

10/02/2017 01:27 PM ET

Treasury Information Reporting

Currency: USD

Bank: 121000248

Account: [REDACTED]

WELLS FARGO BANK, N.A.

SCE&G MASTER

Debit Wire Amount	Process Date Time	To	Corresponding Bank	Status
67,500,000.00	10/02/2017 12:03 PM CT	INTERNAL N/A SANTEE COOPER	N/A	COMPLETE

Wire Service Reference Number:

N/A

Wells Message Number:

170002103202

PC Reference/Confirmation Number:

1709

Value Date:

10/02/2017

Wire Type:

508

Wire Amount:

67,500,000.00

Transaction Reference Number:

170002103202

USD Equivalent Amount:

67,500,000.00

Originator ID:

[REDACTED]

Originator Name and Address:

SCE & G GENERAL ACCOUNT

SCE & G MASTER ACCOUNT

SCANA ACCOUNTING MC B122

CAYCE SC 29033

Instructing Bank Code/ID:

N/A

Instructing Bank Name and Address:

N/A

Sending Party ID:

[REDACTED]

Sending Party Name and Address:

SCE & G GENERAL ACCOUNT

SCANA ACCOUNTING MC B122

220 OPERATION WAY

CAYCE SC 29033

Bank to Bank Info:

N/A

Beneficiary Bank Code/ID:

N/A

Beneficiary Bank Name and Address:

N/A

Original to Beneficiary Info:

TOSHIBA SETTLEMENT OCT 2017

Task:

002001001743864 SOUTH CAROLINA PUBLIC SERVICE AUTHO TREASURY OPERATIONS PO BOX 2946101 MONCKSCORNER SC 29461

GW00000007300577 ORG=SCE & G GENERAL ACCOUNT SCE & G MASTER ACCOUNT SCANA ACCOUNTING MC B122 CAYCE SC 29033

RFB=1709 OBI=TOSHIBA SETTLEMENT OCT 2017 OPI= [REDACTED] IFTR/BNF=D [REDACTED] SANTEE COOPER COMPLETED

TIMESTAMP 10/02/2017 11:15 AM CT

201710021115

Instructed Currency/Amount:

USD/67,500,000.00

Exchange Rate:

1.000000

Fed/CHIPS/SWIFT Reference Number:

N/A

Completed Timestamp:

10/02/2017 11:15 AM CT

Sender Reference Number:

GW00000007300577

Original Bank Code/ID:

N/A

Original Bank Name and Address:

N/A

Receiving Party ID:

[REDACTED]

Receiving Party Name and Address:

SOUTH CAROLINA PUBLIC SERVICE AUTHO

TREASURY OPERATIONS

PO BOX 2946101

MONCKSCORNER SC 29461

Intermediary Bank Code/ID:

N/A

Intermediary Bank Name and Address:

N/A

Beneficiary Code/ID:

D

Beneficiary Reference ID:

[REDACTED]

Beneficiary Name and Address:

SANTEE COOPER

Attachment 4-67

Page 5 of 11  
Page 1 of 1

Create Wire



Wires

## Payment Information

Payment ID 1709

Status Awaiting 1 approvals.

Type Wire

Modified 10/02/2017 11:52 am ET by ROBIT421

## Debit Account

Debit Account

SCE &amp; G MASTER

Account [REDACTED] USD

## Beneficiary

Beneficiary

SANTEE COOPER

United States of America (US)

Beneficiary Bank

WELLS FARGO BANK, N.A.  
420 MONTGOMERY STREET  
SAN FRANCISCO, CA 94104  
United States of America (US)  
FEDWIRE# 121000248

## Payment Details

Debit Currency

USD - United States Dollar

Credit Currency USD - United States Dollar

Amount

67,500,000.00 USD

Value Date 10/02/2017

Cutoff Time 05:30 pm ET

## References

Originator to Beneficiary Information

OBI TOSHIBA SETTLEMENT OCT 2017

Originator

SCE & G GENERAL ACCOUNT  
SCE & G MASTER ACCOUNT  
SCANA ACCOUNTING MC B122  
CAYCE SC 29033  
United States of America (US)

Payment References

ID or Acct # [REDACTED]



**SCANA Services**  
**Disbursement Report**

09/29/17

Date

\$ 3,161,178.53

Amount

Ducera Securities LLC

Payee

Payment Representing

**DO NOT BOOK**

Business Unit

Operating Unit

Department

**APAY TO BOOK**

Account

Resource Code

Activity Code

CONTRACT #/REF

TWS/Initials

Initials

**Wire Instructions**

Bank First Republic Bank  
ABA 321081669  
Name Ducera Partners LLC  
Acct [REDACTED]



# Wire Transfer Detail Report

SC Master wires

As of 09/29/2017

CUSTOMER ID: SCANA166

OPERATOR ID: MJACKS02

Commercial Electronic Office®

SCANA CORP

09/29/2017 12:11 PM ET

Treasury Information Reporting

Currency: USD

Bank: 121000248

Account: [REDACTED]

WELLS FARGO BANK, N.A.  
SC SERVICES MASTER

Debit Wire Amount	Process Date Time	To:	Corresponding Bank:	Status
3,161,178.53	09/29/2017 11:07 AM CT	FEDWIRE N/A Ducora Securities LLC [REDACTED]	N/A	COMPLETE

Wire Service Reference Number:  
09291B7031R014137

Wells Message Number:  
170929121693

PC Reference/Confirmation Number:  
1706

Value Date:  
09/29/2017

Wire Type:  
496

Wire Amount:  
3,161,178.53

Transaction Reference Number:  
170929121693

USD Equivalent Amount:  
3,161,178.53

Originator ID:  
[REDACTED]

Originator Name and Address:  
SCANA SERVICES GENERAL  
SCANA SERVICES MASTER  
SCANA ACCOUNTING MC B122  
CAYCE SC 29033

Instructing Bank Code/ID:  
N/A

Instructing Bank Name and Address:  
N/A

Sending Party ID:  
[REDACTED]

Sending Party Name and Address:  
SCANA SVCS GENERAL  
SCANA ACCOUNTING MC B122  
220 OPERATION WAY  
CAYCE SC 29033

Bank to Bank Info:  
N/A

Beneficiary Bank Code/ID:  
N/A

Beneficiary Bank Name and Address:  
N/A

Originator to Beneficiary info:  
South Carolina Electric and Gas Co.

Text:

321081689 FIRST REPUBLIC BANK 111 PINE ST SAN FRANCISCO CA 94111 GWD0000007248845 ORG=SCANA SERVICES GENERAL  
SCANA SERVICES MASTER SCANA ACCOUNTING MC B122 CAYCE SC 29033 RFB=1706 OBI=South Carolina Electric and Gas Co.  
OPI=[REDACTED] WFTV BNF [REDACTED] Ducora Securities LLC COMPLETED TIMESTAMP 09/29/2017 11:06 AM CT

Attachment 4-67  
Page 8 of 11

**Ducera**

Ducera Securities LLC  
499 Park Avenue  
16th Floor  
New York, NY 10022

p (212) 671-9700

DuceraPartners.com

September 28, 2017

**Via Electronic Mail**

South Carolina Electric & Gas Company  
100 SCANA Parkway  
Cayce, South Carolina 29033  
Attention: Jimmy E. Addison

Gentlemen:

Pursuant to our engagement letter dated September 8, 2017, attached is our invoice for the Claim Sale Fee and expenses due and payable as of September 28, 2017. Please contact us with any questions.

Sincerely,

Ducera Securities LLC

**ORS EXHIBIT LK-7**  
**Page 10 of 12**Attachment 4-67  
Page 9 of 11

September 28, 2017

Per Engagement Letter dated September 8, 2017

Claim Sale Fee	\$ 3,156,532.45
Expenses	\$ 4,646.08
<b>Total Amount Due</b>	<u>\$ 3,161,178.53</u>

2725

**PAYMENT DUE UPON RECEIPT****Wire Instructions****Account Name:** Ducera Securities LLC**ABA Number:** 321081669**Credit Account #** [REDACTED]**Beneficiary Bank Address:**First Republic Bank  
111 Pine Street  
San Francisco, CA 94111

Header Business Unit: EG

Journal ID: 0812MN4600

Journal Date: 9/30/2017

Fiscal Year: 2017

Accounting Period: 9

Description: Tax and Depreciation Journal - To record tax impact of Toshiba settlement cash received. JV by V Smith

Business Unit: NU

Ledger Group: ACTUAL

Source: ONL

Reversal: N

Reversal Date:

Journal Status: P

Created By: CF44858

Submitted By: CF44858

Approved By: VS40559

Attachments: Y

Line #	BU	Account	Op Unit	Dept	Res Code	Workorder	Activity	Cust	Serv	Event	Amount	Reference	Description
111	NU	1900406	VCS2	0005	901						364,164,100.00		Avl Fed Toshiba Settlement
112	NU	4111025	VCS2	0005	901						-364,164,100.00		Def Fed Tx Cr Elec Depr
117	NU	1900409	VCS2	0005	901						54,781,500.00		Adlt St Toshiba Settlement
120	NU	2360002	VCS2	0005	901						-364,164,100.00		Taxes Accr Current Fed Inc
121	NU	4111025	VCS2	0005	901						54,781,500.00		Def St Tx Cr Elec Depr
124	NU	4091001	VCS2	0005	901						364,164,100.00		Inc Tx Fed Elec Unit
131	NU	2360003	VCS2	0005	901						-54,781,500.00		Taxes Accr State Inc Tax
134	NU	4091005	VCS2	0005	901						54,781,500.00		Inc Tx St Elec Unit

Total Lines: 8

Total Debits: \$837,851,200.00

Total Credits: \$837,851,200.00

**ORS EXHIBIT LK-7**  
**Page 12 of 12**

Attachment 4-67  
 Page 11 of 11

Toshiba Settlement Deferred Taxes  
 0812MN4600  
 201709

*per trial balance:*

2540140	2540140 Rg Liab-toshiba Settl Proceeds	(1,095,230,291)
Federal tax @ 33.25%:	DR/(CR)	
1900408	364,164,072	
4111025	(364,164,072)	
2360002	(364,164,072)	
4091001	364,164,072	
State tax @ 5%:		
1900409	54,761,515	
4111029	(54,761,515)	
2360003	(54,761,515)	
4091005	54,761,515	

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
AUDIT INFORMATION REQUEST  
DOCKET NO. 2017-207-E (5th Continuing AIR)  
DOCKET NO. 2017-305-E (4th Continuing AIR)  
DOCKET NO. 2017-370-E (4th Continuing AIR)**

**REQUEST 4-70:**

Confirm that it is SCE&G's present position that the Toshiba payment regulatory liability be recorded net of the discount due to the Citibank monetization and that the Company should retain the earnings on the Toshiba payment proceeds received directly from Toshiba and from the Citibank monetization. If that is SCE&G's present position, then address the equities of this position from a customer perspective.

**RESPONSE 4-70:**

SCE&G confirms that the Toshiba payment regulatory liability is properly recorded net of the discount due to the Citibank monetization in accordance with Accounting Standards Codification (ASC) 980-405-25 that provides the criteria under generally accepted accounting principles (GAAP) for the recognition of a regulatory liability. SCE&G believes that this is in the best interest of its customers.

See also the response to question 4-68 regarding the use of the Toshiba payment proceeds prior to a directive from the SCPSC and the resulting benefit to customers.

Responsible person: Keith Coffey

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
AUDIT INFORMATION REQUEST  
DOCKET NO. 2017-207-E (2nd Continuing AIR)  
DOCKET NO. 2017-305-E (1st Continuing AIR)  
DOCKET NO. 2017-370-E (1st Continuing AIR)**

**REQUEST 1-127:**

Please provide documentation of the liens paid as referenced in Exhibit 10, number 1.e. through the Toshiba Corporation Guarantee Settlement Payment proceeds. Have all the liens been settled? If not, what are the number of estimated outstanding liens and the total amount?

**RESPONSE 1-127:**

To date, SCE&G has not satisfied any liens by means of the Toshiba settlement or otherwise. None of the liens have been settled, and SCE&G believes it has valid defenses to the liens and is actively engaging in the defense of the liens. SCE&G estimates the number of liens to be approximately 121, totaling approximately \$289 million as of March 1, 2018.



**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
AUDIT INFORMATION REQUEST**

**DOCKET NO. 2017-207-E (5th Continuing AIR)**

**DOCKET NO. 2017-305-E (4th Continuing AIR)**

**DOCKET NO. 2017-370-E (4th Continuing AIR)**

**REQUEST 4-68:**

Indicate whether SCE&G records a deferred return on the Toshiba payment regulatory liability. If so, provide the accounting entries related to the deferred return for each month since it began recording these entries. If not, describe how these funds have been invested and the return that was earned. In addition, confirm that the avoided financing costs have been accretive to SCE&G earnings.

**RESPONSE 4-68:**

SCE&G has not recorded a deferred return on the Toshiba payment regulatory liability. As explained in the Company's response to question 1-105, through its customary cash management practices, SCE&G has utilized the Toshiba Guaranty payment to repay short term debt or to meet cash needs that would otherwise have required the issuance of short term debt. In this manner and as more fully discussed below, SCE&G has reduced net interest costs to the ultimate benefit of customers pending the determination of the specific means by which the Public Service Commission of South Carolina (SCPSC) directs the Toshiba Guaranty payment to be used to provide additional rate relief to customers.

Since the receipt of the Toshiba Settlement in late September 2017, SCE&G's short-term borrowing rates have ranged from approximately 1.49% - 2.07%. During this same period, SCE&G has earned interest rates ranging from 0.70% - 1.23% on its short-term investments in government money market funds and depository accounts. By utilizing the Toshiba payment proceeds to pay down short-term debt which was incurred during the period of construction of the nuclear project, SCE&G has reduced interest cost in excess of the interest income it could have earned by investing in these customary short-term vehicles. The effective management of cash is beneficial to customers because SCE&G, like most utilities, relies on the use of operating cash flows and short-term debt financing to meet its net cash needs between the issuances of long-term debt and equity. Longer term financing (debt and equity) has a much higher cost of capital than short-term borrowing, ultimately leading to higher interest and equity costs that are reflected in rates charged to customers. By managing its cash (including the Toshiba payment proceeds) as described above, SCE&G delays

issuances of long term capital resulting in a lower overall weighted average cost of capital to the benefit of customers.

As described in the Company's response to question 1-114, upon abandoning construction, SCE&G ceased the accrual of Allowance for Funds Used During Construction (AFUDC) in accordance with Electric Plant Instruction No. 3.A.17 of the Federal Energy Regulatory Commission's Uniform System of Accounts. SCE&G then began recognizing carrying costs, at its embedded cost of long-term debt, in accordance with Accounting Standards Codification (ASC) 980-360-35-7. The carrying costs were calculated on the balance of nuclear construction costs that were not reflected in revised rates of approximately \$1.2 billion, the same amount that would have been subject to AFUDC. When the Company received the Toshiba Settlement payment in late September 2017 in an amount approximately equivalent, but slightly less at approximately \$1.1 billion, to the construction costs not included in revised rates, SCE&G determined that it should cease the accrual of carrying costs under ASC 980-360-35-7. Had the Company recorded a deferred return on the Toshiba payment, it likewise would have continued to accrue carrying costs on the larger balance of costs not included in revised rates. That accrual of carrying costs would have been larger than the deferred return on the Toshiba settlement and therefore would have been less favorable to customers.

The impairments and accounting adjustments surrounding the abandonment have significantly reduced SCE&G's earnings. As a result of the abandonment, SCE&G reported an overall net loss in 2017 of approximately \$185 million. SCE&G's electric operations reported an operating loss of \$161 million. The Customer Benefits Plan and the No Merger Benefits Plan described in the Joint Petition each reflect significant impairment charges. The accretive effect to earnings from avoided financing costs were only one component of a much larger issue that resulted in a net loss in 2017.

Responsible person: Keith Coffey

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
AUDIT INFORMATION REQUEST  
DOCKET NO. 2017-207-E (6th Continuing AIR)  
DOCKET NO. 2017-305-E (5th Continuing AIR)  
DOCKET NO. 2017-370-E (5th Continuing AIR)**

**REQUEST 5-10:**

Please refer to Appendix 2 of the SCE&G 4th Quarter 2017 Status Construction Report in answering the requests below.

- a) Provide a similar schedule showing the \$399 million transmission capital costs that have been removed, the row or category the costs were removed from, and the year from which they were removed.
- b) Provide a similar schedule, showing the \$86 million in asset capital costs supporting Units 2 & 3 that were transferred to Unit 1, the row or category the costs were removed from, and the year from which they were removed.
- c) Provide a similar schedule showing the transmission AFUDC that was removed, the row or category the costs were removed from, and the year from which they were removed.
- d) Provide a similar schedule, showing the AFUDC associated with the assets supporting Units 2 & 3 that was removed, the row or category the costs were removed from, and the year from which they were removed.

**RESPONSE 5-10:**

Please see attached.

Responsible persons: William Hutson and Kevin Kochems

## Appendix 2

**RESTATEd and UPDATED CONSTRUCTION EXPENDITURES**  
(Thousands of \$)

**V.C. Summer Units 2 and 3 - Summary of SCE&G Capital Cost Components**

5-10.b

**Actual through September  
2017 plus Adjustments**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Total</b>	54,246		4	2,076	20,776	11,249	6,633	3,633	3,508	3,285	3,202
Plant Cost Categories											
Fixed with No Adjustment	-	-	-	-	-	-	-	-	-	-	-
Firm with Fixed Adjustment A	-	-	-	-	-	-	-	-	-	-	-
Firm with Fixed Adjustment B	-	-	-	-	-	-	-	-	-	-	-
Firm with Indexed Adjustment	-	-	-	-	-	-	-	-	-	-	-
Actual Craft Wages	-	-	-	-	-	-	-	-	-	-	-
Non-Labor Costs	-	-	-	-	-	-	-	-	-	-	-
Time & Materials	-	-	-	-	-	-	-	-	-	-	-
Owners Costs	-	-	-	-	-	-	-	-	-	-	-
			740	3,676	1,371	11,947	6,265	1,689	2,063	2,373	1,003
<b>Total Base Project Costs(2007 \$)</b>	85,602	-	744	5,752	22,147	23,196	12,797	5,522	5,601	5,639	4,205
Total Project Escalation	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revised Project Cash Flow</b>	85,602	-	744	5,752	22,147	23,196	12,797	5,522	5,601	5,639	4,205
Cumulative Project Cash Flow(Revised)	-	-	744	6,496	28,643	51,839	64,636	70,157	75,758	81,397	85,602
AFUDC(Capitalized Interest)	-	-	-	-	-	-	-	-	-	-	-
<b>Gross Construction</b>	85,602	-	744	5,752	22,147	23,196	12,797	5,522	5,601	5,639	4,205
<b>Construction Work in Progress</b>	-	-	744	6,496	28,643	51,839	64,636	70,157	75,758	81,397	85,602

\*SCE&G is still finalizing the cost basis for the relocation and rebuilding of the railroad spur on the VC Summer site. These costs will be moved from NND to Unit 1 plant in service when their cost basis is finalized.

5-10.d

Note: SCE&G did not transfer any AFUDC costs associated with these assets.

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
AUDIT INFORMATION REQUEST  
DOCKET NO. 2017-207-E (8th Continuing AIR)  
DOCKET NO. 2017-305-E (7th Continuing AIR)  
DOCKET NO. 2017-370-E (7th Continuing AIR)**

**REQUEST 7-11:**

Refer to the response to ORS 6-19.

- a. Provide a schedule with the monthly construction history of each project identified in response to ORS 6-19 separated into non-transmission and transmission directs and AFUDC and further into allocations of these costs to Unit 1, Unit 2, and Unit 3, including the subsequent transfers from Units 2 and 3 to Unit 1. In addition, provide the amount by month incurred of each project initially allocated to Units 2 and 3 and is included in the NND project CWIP reflected in present revised rates that has since been transferred to Unit 1.
- b. Provide a copy of all studies that address the need for and economics of the Offsite Water System for Unit 1 that demonstrate it would have been constructed in the absence of Units 2 and 3.
- c. Indicate whether the NLC Annex would have been constructed in the absence of Units 2 and 3. Provide all support relied on for your response, including, but not limited to, a copy of all studies that address the need for and economics of the NLC Annex.

**RESPONSE 7-11:**

- a. Please refer to attached schedule 7-11A labeled Response 7-11 on the enclosed CD.
- b. Please refer to the following Offsite Water System (OWS) attachments labeled 7-11 on the enclosed CD:
  - i. 7-11B OWS Options – provides certain cost/benefit analysis for abandoning the OWS and overhauling the existing Unit 1 plant versus utilizing it as a Unit 1 asset.
  - ii. 7-11B OWS Operation Requirements – describes staffing requirements, staffing analysis (internal versus external), maintenance requirements, and turnover requirements.
  - iii. 7-11B Unit 1 Clarifier Refurb – describes work scope to refurbish the existing Unit 1 filtered/potable water production facility to provide reliable service for another 35 years.
  - iv. 7-11B OWS Completion Work Order Cost Tracking – provides a cost estimate for completion work for the OWS.

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
AUDIT INFORMATION REQUEST**

**DOCKET NO. 2017-207-E (8th Continuing AIR)**

**DOCKET NO. 2017-305-E (7th Continuing AIR)**

**DOCKET NO. 2017-370-E (7th Continuing AIR)**

- c. The NLC Annex would not have been constructed in its current location and configuration if not for the Units 2 & 3 project. After abandonment, Unit 1 needed to determine the future use of NLC Annex, the Units 2 & 3 Service Building, and the NND Building. It was decided to only retain the NLC Annex. This space allows operational, maintenance and contractor in-processing training to be centralized in the NLC "learning campus". It also levelized staff and contractor resources by allowing training to occur more often and during the required times, rather than or stopping or delaying any plant work activities due to training classroom availability. It also allowed for future retirement of the current Craft Training Center (CTC), which is utilized for access control, badging, and outage training, lowering future maintenance costs. Additionally, it also allows existing Unit 1 laboratory and staff facilities currently in the under-utilized NND Building to be relocated to the NLC Annex, thus allowing the NND Building to be retired, lowering future maintenance costs.

Responsible person: (a.) Kevin Kochems; (b.) and (c.) Kyle Young

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING AUDIT INFORMATION  
REQUEST**

**DOCKET NO. 2017-207-E (2nd Continuing AIR)**

**DOCKET NO. 2017-305-E (1 st Continuing AIR)**

**DOCKET NO. 2017-370-E (1 st Continuing AIR)**

**REQUEST 1-118:**

Please provide documentation supporting the calculation of the 3.5% bill reduction for the eight (8) year period as stated. Please show the calculations on how the regulatory liability of \$575 million contributes to the 3.5% retail rate reduction.

**RESPONSE 1-118:**

The 3.5% bill reduction is a result of the annual customer refund amount, which is applied to all customer classes. Please see Attachment ORS Set 1-116 for a schedule of the annual refunds, which total \$575 million over 8 years. The 3.5% bill reduction is computed on a customer class basis. Individual customers within those classes may see higher or lower percentage reductions depending on their individual usage patterns and the specific rates under which they take service. The variations in percentage reductions shown in response to Request 1-136 reflect the effect of these factors in the case of the hypothetical Rate 20 and Rate 23 customers with billing determinants as specified in the request.

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
AUDIT INFORMATION REQUEST**

**DOCKET NO. 2017-207-E (8th Continuing AIR)**

**DOCKET NO. 2017-305-E (7th Continuing AIR)**

**DOCKET NO. 2017-370-E (7th Continuing AIR)**

**REQUEST 7-12:**

Provide a schedule showing each income item and deduction related to the NND project for each tax year since construction commenced. Separately show the effects of taxable losses in any year that were carried back to and utilized in prior years or carried forward to and utilized in future years by tax year, as well as the loss carryforward balance at the end of each tax year. Provide all data, assumptions, and calculations, including electronic spreadsheets in live format with all formulas intact.

**RESPONSE 7-12:**

Attached is a schedule of each income item and deduction by year related to NND. The computations have previously been provided in response 1-176, 4-64, and 6-27.

Attached is also a copy of Forms 1139 from 2016 and 2017. These show the amounts that were carried back to prior years. Net operating losses are carried back two years and credits are carried back one year. Taxable income and loss is calculated on a consolidated basis and includes all of SCANA Corporation and Subsidiaries.

Based on the recently filed original 2017 tax return (to be superseded later this year) there is \$2,018,606,000 of taxable loss to be carried forward to 2018 and \$73,115,581 of tax credits to be carried forward to 2018.

**RESPONSIBLE PERSON:**

Virginia Smith



ORS Request 7-12

Provide a schedule showing each income item and deduction related to the NND project 1 were carried back to and utilized in prior years or carried forward to and utilized in future assumptions, and calculations, including

	2007	2008	2009
BLRA Revenues			9,086,000
CPI	439,915	2,192,601	13,616,365
CPI - December Adjustment			
CPI - Transmission			
Book Debt AFC	(508,771)	(1,720,014)	(3,639,450)
Book Debt AFC - December Adjustment			
Book Debt AFC - Transmission			(9,026)
Toshiba Settlement			
174 Deductions		(10,580,786)	(37,363,743)
174 Deduction - December Adjustment			
Other nuclear deductions (internal labor costs)	(1,231,812)	(427,218)	
165 tax abandonment			
Net income / (loss)	(1,300,668)	(10,535,417)	(18,309,854)

See response to 1-176
See response to 4-64 Blue Tab
See response to 4-64 Orange Tab
See response to 6-27
True-ups identified subsequent to earlier responses

for each tax year since construction commenced. Separately show the effects of tax rate changes for future years by tax year, as well as the loss carryforward balance at the end of each tax year. Submitting electronic spreadsheets in live format with all formulas intact.

2010	2011	2012	2013	2014	2015
39,143,000	88,044,000	134,896,000	188,732,000	267,087,000	335,015,000
36,269,411	59,766,352	85,762,878	109,084,771	122,198,736	163,120,479
69,468	253,081	952,970	3,987,782	8,216,977	10,458,303
(5,791,889)	(4,803,805)	(5,594,954)	(7,590,321)	(6,605,046)	(5,948,588)
(17,029)	(52,640)	(529,955)	(1,337,448)	(1,439,407)	(1,112,899)
(48,161,887)	(46,938,808)	(46,612,124)	(40,579,012)	(41,246,238)	(350,861,151)

21,511,074	96,268,180	168,874,815	252,297,772	348,212,022	150,671,144
------------	------------	-------------	-------------	-------------	-------------

axable losses in any year that  
ax year. Provide all data,

2016	2017	Total
399,883,000	446,632,000	1,908,548,000
174,898,676	189,334,200	2,767,241,337
	(204,094)	(204,094)
19,567,314	12,466,316	15,572,211
(10,288,966)	(8,864,427)	(11,500,227)
	21,430	21,430
(1,314,091)	(688,408)	(3,002,499)
	1,095,230,291	1,095,230,291
(716,339,347)	(347,205,034)	(1,685,888,130)
	(5,627,606)	(5,627,606)
		(4,659,030)
	(3,667,213,896)	(3,667,213,896)
<u>(133,593,414)</u>	<u>(2,286,119,228)</u>	<u>(1,412,023,575)</u>

Form **1139**  
(Rev. November 2014)  
Department of the Treasury  
Internal Revenue Service

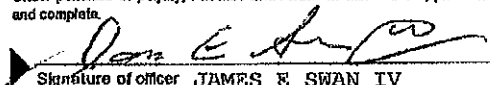
**Corporation Application for Tentative Refund**  
► Information about Form 1139 and its separate instructions is at [www.irs.gov/form1139](http://www.irs.gov/form1139).  
► Do not file with the corporation's income tax return - file separately.  
► Keep a copy of this application for your records.

OMB No. 1545-0123

Name <b>SCANA CORPORATION</b>		Employer identification number <b>57-0784499</b>	
Number, street, and room or suite no. If a P.O. box, see instructions. <b>220 OPERATION WAY</b>		Date of incorporation <b>10/01/1984</b>	
City or town, state, and ZIP code <b>CAYCE, SC 29033-3701</b>		Daytime phone number <b>(803) 217-9000</b>	
1 Reason(s) for filing. See instructions - attach computation	a Net operating loss (NOL) . . . . . <b>57,112,028.</b>	c Unused general business credit <b>Simt. 71. . . . .</b>	<b>36,403,280.</b>
	b Net capital loss . . . . .	d Other . . . . .	
2 Return for year of loss, unused credit, or overpayment under section 1341(b)(1) . . . . .	a Tax year ended <b>12/31/2016</b>	b Date tax return filed <b>09/28/2017</b>	c Service center where filed
3 If this application is for an unused credit created by another carryback, enter ending date for the tax year of the first carryback ►			
4 Did a loss result in the release of a foreign tax credit, or is the corporation carrying back a general business credit that was released because of the release of a foreign tax credit (see instructions)? If "Yes," the corporation must file an amended return to carry back the released credits . . . . . <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
5a Was a consolidated return filed for any carryback year or did the corporation join a consolidated group (see instructions)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
b If "Yes," enter the tax year ending date and the name of the common parent and its EIN, if different from above (see instructions) ►			
6a If Form 1138 has been filed, was an extension of time granted for filing the return for the tax year of the NOL? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No			
b If "Yes," enter the date to which extension was granted ► c Enter the date Form 1138 was filed. ►			
d Unpaid tax for which Form 1138 is in effect . . . . . \$			
7 If the corporation changed its accounting period, enter the date permission to change was granted . . . . .			
8 If this is an application for a dissolved corporation, enter date of dissolution . . . . .			
9 Has the corporation filed a petition in Tax Court for the year or years to which the carryback is to be applied? . . . . . <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
10 If any part of the decrease in tax due to a loss or credit resulting from a reportable transaction required to be disclosed? If Yes, attach Form 8886. . . . . <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			

Computation of Decrease in Tax See instructions.	2nd preceding tax year ended ► 12/31/2014		1st preceding tax year ended ► 12/31/2015		preceding tax year ended ►	
	(a) Before carryback	(b) After carryback	(c) Before carryback	(d) After carryback	(e) Before carryback	(f) After carryback
11 Taxable income from tax return	327491408.	332631490.	736424416.	736424416.		
12 Capital loss carryback (see instructions)		332631490.		736424416.		
13 Subtract line 12 from line 11		57112028.				
14 NOL deduction (see instructions)		275519462.		736424416.		
15 Taxable income, Subtract line 14 from line 13						
16 Income tax	114621993.	96431812.	257748546.	257748546.		
17 Alternative minimum tax						
18 Add lines 16 and 17	114621993.	96431812.	257748546.	257748546.		
19 General business credit (see instructions)	11207491.	11207491.	23454248.	59857528.		
20 Other credits (see instructions)			1,691.	1,691.		
21 Total credits. Add lines 19 and 20	11207491.	11207491.	23455939.	59859219.		
22 Subtract line 21 from line 18	103414502.	85224321.	234292607.	197889327.		
23 Personal holding company tax (5th, PH) (Form 1120)						
24 Other taxes (see instructions)						
25 Total tax liability. Add lines 22 through 24	103414502.	85224321.	234292607.	197889327.		
26 Enter amount from "After carryback" column on line 25 for each year	85224321.		197889327.			
27 Decrease in tax. Subtract line 26 from line 25	18190181.		36403280.			
28 Overpayment of tax due to a claim of right adjustment under section 1341(b)(1) (attach computation) . . . . .						

Under penalties of perjury, I declare that I have examined this application and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

**Sign Here**  **10/18/2017** **CONTROLLER**  
Signature of officer **JAMES E SWAN IV** Date Title

**Paid Preparer Use Only**

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> If self-employed	PTIN
Firm's name ►	Firm's EIN ►			
Firm's address ►	Phone no.			

For Paperwork Reduction Act Notice, see separate instructions. Form **1139** (Rev. 11-2014)

JSA  
603500 1.000

0000ZT M16C 10/18/2017 09:33:00 V16-7.1F 57-0784499

SCANA CORPORATION

57-0784499

Form 1139, General Business Credit detail

Year	Amount	Year	Amount	Year	Amount
2001		2002		2003	
2004		2005		2006	
2007		2008		2009	
2010		2011		2012	
2013		2014		2015	
Total prior year General Business Credits					
Current year General Business Credit					36,403,280.
Total General Business Credits available					36,403,280.

Statement 71

**Form 1139**  
(Rev. November 2014)  
Department of the Treasury  
Internal Revenue Service

**Corporation Application for Tentative Refund**  
▶ Information about Form 1139 and its separate instructions is at [www.irs.gov/form1139](http://www.irs.gov/form1139).  
▶ Do not file with the corporation's income tax return - file separately.  
▶ Keep a copy of this application for your records.

OMB No. 1545-0123

Name <b>SCANA CORPORATION</b>		Employer identification number <b>57-0784499</b>	
Number, street, and room or suite no. If a P.O. box, see instructions. <b>220 OPERATION WAY</b>		Date of incorporation <b>10/01/1984</b>	
City or town, state, and ZIP code <b>CAYCE, SC 29033-3701</b>		Daytime phone number <b>(803) 217-9000</b>	
1 Reason(s) for filing. See Instructions - attach computation a Net operating loss (NOL) Stmt. 1. ▶ <b>2,779,527,279.</b> b Net capital loss		c Unused general business credit Stmt. 2. ▶ <b>49,525,103.</b> d Other	
2 Return for year of loss, unused credit, or overpayment under section 1341(b)(1) . . . ▶ <b>12/31/2017</b>		a Tax year ended <b>12/31/2017</b>	b Date tax return filed <b>03/29/2018</b>
c Service center where filed <b>Ogden, UT</b>			
3 If this application is for an unused credit created by another carryback, enter ending date for the tax year of the first carryback ▶ <b>12/31/2015</b>			
4 Did a loss result in the release of a foreign tax credit, or is the corporation carrying back a general business credit that was released because of the release of a foreign tax credit (see instructions)? If "Yes," the corporation must file an amended return to carry back the released credits . . . . . <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
5a Was a consolidated return filed for any carryback year or did the corporation join a consolidated group (see instructions)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
b If "Yes," enter the tax year ending date and the name of the common parent and its EIN, if different from above (see instructions) ▶			
6a If Form 1138 has been filed, was an extension of time granted for filing the return for the tax year of the NOL? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No			
b If "Yes," enter the date to which extension was granted ▶ c Enter the date Form 1138 was filed. ▶			
d Unpaid tax for which Form 1138 is in effect ▶ \$			
7 If the corporation changed its accounting period, enter the date permission to change was granted ▶			
8 If this is an application for a dissolved corporation, enter date of dissolution ▶			
9 Has the corporation filed a petition in Tax Court for the year or years to which the carryback is to be applied? . . . . . <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
10 If any part of the decrease in tax due to a loss or credit resulting from a reportable transaction required to be disclosed? If Yes, attach Form 8886. . . . . <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			

Computation of Decrease in Tax See Instructions.	3rd preceding tax year ended ▶ 12/31/2014		2nd preceding tax year ended ▶ 12/31/2015		preceding tax year ended ▶	
	(a) Before carryback	(b) After carryback	(c) Before carryback	(d) After carryback	(e) Before carryback	(f) After carryback
11 Taxable income from tax return . . . . .	275519462.	275519462.	736424416.	760921238.		
12 Capital loss carryback (see Instructions) . . . . .						
13 Subtract line 12 from line 11 . . . . .		275519462.		760921238.		
14 NOL deduction (see Instructions) . . . . .				760921238.		
15 Taxable income. Subtract line 14 from line 13 . . . . .		275519462.				
16 Income tax . . . . .	96431812.	96431812.	257748546.			
17 Alternative minimum tax . . . . .				15270218.		
18 Add lines 16 and 17 . . . . .	96431812.	96431812.	257748546.	15270218.		
19 General business credit (see Instructions) . . . . .	11207491.	19391521.	59857528.	15270218.		
20 Other credits (see Instructions) . . . . .		1,691.	1,691.			
21 Total credits. Add lines 19 and 20 . . . . .	11207491.	19393212.	59859219.	15270218.		
22 Subtract line 21 from line 18 . . . . .	85224321.	77038600.	197889327.			
23 Personal holding company tax (Sch PH (Form 1120)) . . . . .						
24 Other taxes (see Instructions) . . . . .						
25 Total tax liability. Add lines 22 through 24 . . . . .	85224321.	77038600.	197889327.			
26 Enter amount from "After carryback" column on line 25 for each year . . . . .	77038600.					
27 Decrease in tax. Subtract line 26 from line 25 . . . . .	8,185,721.		197889327.			
28 Overpayment of tax due to a claim of right adjustment under section 1341(b)(1) (attach computation) . . . . .						

Under penalties of perjury, I declare that I have examined this application and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Sign Here	Signature of officer <b>JAMES E SWAN IV</b>		Date <b>6/4/18</b>		CONTROLLER	
	Print/type preparer's name		Preparer's signature		Date	
Paid	Firm's name ▶		Firm's EIN ▶		Check <input type="checkbox"/> if self-employed	
Preparer Use Only	Firm's address ▶		Phone no.		PTIN	

For Paperwork Reduction Act Notice, see separate instructions.

Form 1139 (Rev. 11-2014)

JSA

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57-0784499

SCANA CORPORATION

## Form 1139, Net Operating Loss detail

Total current year NOL	2,779,527,279.	
Prior Year	Prior Year Income	Carryback Absorbed
2012		
2013		
2014		
2015		760,921,238.
2016		
Total prior year taxable income absorbed	760,921,238.	
Current year NOL carried over	2,018,606,041.	

Statement 1

SCANA CORPORATION  
57-0784499  
FORM 1139  
TAXABLE YEAR 12/31/17  
CARRYFORWARD SCHEDULE  
STATEMENT 2

**NET OPERATING LOSS**

GENERATED IN 2017	-2,779,527,279
USED - 2015 ON FORM 1139	760,921,238
CARRYFORWARD TO 2018	<u>-2,018,606,041</u>

**CREDITS**

	Prior Year Generated	Generated	Used	Carryforward
RESEARCH CREDIT - 2016 generated	28,145,407		0	28,145,407
RENEWABLE ELECTRICITY PRODUCTION CREDIT - 2016	8,254,946		0	8,254,946
ALTERNATIVE FUEL VEHICLE REFUELING PROP-2016	2,927		0	2,927
SUB TOTAL 2016 CREDITS CARRYFORWARD				<u>36,403,280</u>
RESEARCH CREDIT - 2017 generated - SCEG		13,121,823	0	13,121,823
TOTAL PER 1139 GENERAL BUSINESS CREDITS				<u>49,525,103</u>
RENEWABLE ELECTRICITY PRODUCTION CREDIT - 2017		8,320,260	0	8,320,260
ALTERNATIVE MINIMUM TAX CREDIT - 2015 - 1139	15,270,218		0	15,270,218
	<u>51,673,498</u>	<u>21,442,083</u>	<u>0</u>	<u>73,115,581</u>

**CONTRIBUTIONS**

	Prior Year Generated	Generated	Used	Carryforward
CONTRIBUTION CARRYFORWARD - 2016	3,585,739	0	0	3,585,739
CONTRIBUTION CARRYFORWARD - 2017	0	3,316,540	0	3,316,540
	<u>3,585,739</u>	<u>3,316,540</u>	<u>0</u>	<u>6,902,279</u>



**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
AUDIT INFORMATION REQUEST**

**DOCKET NO. 2017-207-E (8th Continuing AIR)**

**DOCKET NO. 2017-305-E (7th Continuing AIR)**

**DOCKET NO. 2017-370-E (7th Continuing AIR)**

**REQUEST 7-13:**

Provide a schedule that allocates the NOL asset ADIT at December 31, 2017 between NND project costs and non-NND project costs using a "but for" approach where the taxable income for each tax year since NND construction expenditures commenced is adjusted to remove the income and deductions related to the NND project provided in response to the immediately preceding question. Separately show the effects on the NOL asset ADIT of taxable losses in any year that were carried back to and utilized in prior years or carried forward to and utilized in future years by tax year, as well as the loss carryforward balance at the end of each tax year. Provide all data, assumptions, and calculations, including electronic spreadsheets in live format with all formulas intact.

**RESPONSE 7-13:**

The Company has considered the NOL ADIT asset as being fully allocable to NND project costs. The Company would not be in an NOL situation but for costs associated with the NND project.

**RESPONSIBLE PERSON:**

Virginia Smith

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
AUDIT INFORMATION REQUEST**

**DOCKET NO. 2017-207-E (8th Continuing AIR)**

**DOCKET NO. 2017-305-E (7th Continuing AIR)**

**DOCKET NO. 2017-370-E (7th Continuing AIR)**

**REQUEST 7-14:**

Indicate whether the ADIT, other than the NOL asset ADIT, that will be used in the calculation of rate base for the CCR revenue requirements under the Merger CBP will reflect the reductions in ADIT related to the NND cost impairment loss write-offs already taken by SCE&G. Explain the response.

**RESPONSE 7-14:**

The ADIT liability will equal the difference between the book basis of the NND asset and the tax basis of the NND asset multiplied by the tax rate. The book basis of the NND asset will reflect the impairments taken by SCE&G and additional impairments expected to be taken by SCE&G at the closing of the merger with Dominion Energy under the CBP, such that the book basis, after impairments will equal approximately \$3.33 billion.

For illustration purposes, assume the tax basis of NND is \$0 and a pre-tax reform statutory income tax rate of 38.25%. The ADIT liability would be \$1.27 billion.

**RESPONSIBLE PERSON:** William Kurz

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING AUDIT INFORMATION  
REQUEST**

**DOCKET NO. 2017-207-E (2nd Continuing AIR)  
DOCKET NO. 2017-305-E (1 st Continuing AIR)  
DOCKET NO. 2017-370-E (1 st Continuing AIR)**

**REQUEST 1-116:**

Please provide a complete breakdown of the approximately \$575 million that Dominion will underwrite and recognize as a regulatory liability. Please identify how, and by what company, the \$575 million will be funded.

**RESPONSE 1-116:**

The \$575 million reflects the total customer refund for amounts previously collected and will be realized over an estimated 8 years through a credit to customer bills (less cash collection from customers). Please see Attachment ORS 1-116 for a schedule of the \$575 million refund. While SCE&G will be the entity recording the regulatory liability and upfront charge, Dominion Energy will infuse capital to SCE&G as needed to enable SCE&G to maintain its current capital structure range.

Allowed NND Costs Before Transfers, Sales and Other Reductions (Total Company)	\$2,865,680	Kelvin																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																														
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Total Rate Base Average Year	696,434	659,794	623,154	586,515	549,875	513,235	476,595	439,955
Grossed Up Rate of Return	9.03%	9.03%	9.03%	9.03%	9.03%	9.03%	9.03%	9.03%
Return on Total Rate Base Average Year	62,860	59,553	56,246	52,939	49,632	46,325	43,018	39,710

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SOUTH CAROLINA ELECTRIC & GAS COMPANY  
LEVELIZED RECOVERY OF ALLOWED NEW NUCLEAR DEVELOPMENT COSTS  
LESS RELATED REGULATORY LIABILITIES  
ORS RECOMMENDATIONS  
(\$ THOUSAND)

Allowed NND Costs Before Transfers, Sales and Other Reductions (Total Company)	\$2,865,680
ORS CWIP Adjustments (not including transfers) (Total Company)	(\$19,944)
Transfers to Unit 1 and Trans. (Total Company)	(\$74,130)
Toshiba Proceeds Offset to NND Costs (Total Company)	\$1,095,230
NOL ADIT on Allowed NND Costs @ 21% (Total Company)	\$18,635
Excess NOL ADIT on Allowed NND Costs (Total Company)	\$48,504
Prior Combined Federal and State Income Tax Rate %	38.25%
Present Combined Federal and State Income Tax Rate %	24.95%
Amort Period (Years) for Allowed NND Costs, Reg Liab, Liab ADIT, Excess NOL ADIT	20
Amortization Period (Years) for NOL ADIT @ 21%	10
Amortization Start Year	2019
Equity Capitalization %	52.81%
Equity Return %	9.10%
Debt Capitalization %	47.19%
Debt Return %	5.56%
Prior Gross-Up Factor	1.6194
Present Gross-Up Factor	1.3324
SC Retail Allocation Factor	96.83%

South Carolina Retail

	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
<b>Regulatory Asset for NND Costs</b>	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746
Less: Accumulated Amortization of NND Costs	(1,207,686)	(1,341,873)	(1,476,060)	(1,610,248)	(1,744,435)	(1,878,622)	(2,012,810)	(2,146,997)	(2,281,184)	(2,415,371)
Less: ADIT on NND Costs	(564,593)	(513,266)	(461,940)	(410,613)	(359,287)	(307,960)	(256,633)	(205,307)	(153,980)	(102,653)
<b>Regulatory Liability for Toshiba Proceeds</b>	(1,060,511)	(1,060,511)	(1,060,511)	(1,060,511)	(1,060,511)	(1,060,511)	(1,060,511)	(1,060,511)	(1,060,511)	(1,060,511)
Add: Accumulated Amortization of Reg Liab for Return of Toshiba Proceeds	477,230	530,256	583,281	636,307	689,332	742,358	795,383	848,409	901,435	954,460
Add: ADIT on Reg Liab for Return of Toshiba Proceeds	223,105	202,823	182,540	162,258	141,976	121,694	101,411	81,129	60,847	40,565
<b>Regulatory Liability for Return on Toshiba Proceeds</b>	(\$106,140)	(\$106,140)	(\$106,140)	(\$106,140)	(\$106,140)	(\$106,140)	(\$106,140)	(\$106,140)	(\$106,140)	(\$106,140)
Add: Accumulated Amortization of Reg Liab for Return on Toshiba Proceeds	47,763	53,070	58,377	63,684	68,991	74,298	79,605	84,912	90,219	95,526
Add: ADIT on Reg Liab for Return on Toshiba Proceeds	22,329	20,299	18,269	16,239	14,210	12,180	10,150	8,120	6,090	4,060
<b>Regulatory Liability for Refund of Revised Rates on Disallowed NND Costs</b>	(\$391,980)	(\$391,980)	(\$391,980)	(\$391,980)	(\$391,980)	(\$391,980)	(\$391,980)	(\$391,980)	(\$391,980)	(\$391,980)
Add: Accumulated Amortization of Reg Liab for Refund of Rev Rates	176,391	195,990	215,589	235,188	254,787	274,386	293,985	313,584	333,183	352,782
Add: ADIT on Reg Liab for Refund of Rev Rates	72,391	65,810	59,229	52,648	46,067	39,486	32,905	26,324	19,743	13,162
<b>Regulatory Liability for Return on Refund of Revised Rates</b>	(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)
Add: Accumulated Amortization of Reg Liab for Ret on Ref of Rev Rates	16,769	18,632	20,495	22,358	24,221	26,085	27,948	29,811	31,674	33,537
Add: ADIT on Reg Liab for Ret on Refund of Rev Rates	5,810	5,281	4,753	4,225	3,697	3,169	2,641	2,113	1,584	1,056
<b>NOL ADIT @ 21%</b>	1,804	0								
<b>Excess NOL ADIT</b>	25,831	23,483	21,135	18,786	16,438	14,090	11,741	9,393	7,045	4,697

<b>Total Rate Base End of Year</b>	384,995	348,355	313,520	278,684	243,849	209,013	174,178	139,342	104,507	69,671
<b>Total Rate Base Average Year</b>	403,315	366,675	330,937	296,102	261,266	226,431	191,595	156,760	121,924	87,089
<b>Grossed Up Rate of Return</b>	9.03%	9.03%	9.03%	9.03%	9.03%	9.03%	9.03%	9.03%	9.03%	9.03%
<b>Return on Total Rate Base Average Year</b>	36,403	33,096	29,870	26,726	23,582	20,438	17,293	14,149	11,005	7,861

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**LEVELIZED RECOVERY OF ALLOWED NEW NUCLEAR DEVELOPMENT COSTS**  
**LESS RELATED REGULATORY LIABILITIES**  
**ORS RECOMMENDATIONS**  
**(\$ THOUSAND)**

	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Allowed NND Costs Before Transfers, Sales and Other Reductions (Total Company)	\$2,865,680									
ORS CWIP Adjustments (not including transfers) (Total Company)	(\$19,944)									
Transfers to Unit 1 and Trans. (Total Company)	(\$74,130)									
Toshiba Proceeds Offset to NND Costs (Total Company)	(\$1,095,230)									
NOL ADIT on Allowed NND Costs @ 21% (Total Company)	\$18,635									
Excess NOL ADIT on Allowed NND Costs (Total Company)	\$48,504									
Prior Combined Federal and State Income Tax Rate %	38.25%									
Present Combined Federal and State Income Tax Rate %	24.95%									
Amort Period (Years) for Allowed NND Costs, Reg Liab, Liab ADIT, Excess NOL ADIT	20									
Amortization Period (Years) for NOL ADIT @ 21%	10									
Amortization Start Year	2019									
Equity Capitalization %	52.81%									
Equity Return %	9.10%									
Debt Capitalization %	47.19%									
Debt Return %	5.56%									
Prior Gross-Up Factor	1.6194									
Present Gross-Up Factor	1.3324									
SC Retail Allocation Factor	96.83%									
<b>South Carolina Retail</b>										
Amortization Expense - NND Regulatory Asset	134,187	134,187	134,187	134,187	134,187	134,187	134,187	134,187	134,187	134,187
Amortization Expense - Toshiba Proceeds Regulatory Liability	(53,026)	(53,026)	(53,026)	(53,026)	(53,026)	(53,026)	(53,026)	(53,026)	(53,026)	(53,026)
Amortization Expense - Return on Toshiba Proceeds Regulatory Liability	(5,307)	(5,307)	(5,307)	(5,307)	(5,307)	(5,307)	(5,307)	(5,307)	(5,307)	(5,307)
Amortization Expense - Refund of Revised Rates on Disallowed Costs Reg Liability	(19,599)	(19,599)	(19,599)	(19,599)	(19,599)	(19,599)	(19,599)	(19,599)	(19,599)	(19,599)
Amortization Expense - Refund of Return on Refund of Revised Rates Reg Liability	(1,863)	(1,863)	(1,863)	(1,863)	(1,863)	(1,863)	(1,863)	(1,863)	(1,863)	(1,863)
Amortization Expense - Excess NOL ADIT (Grossed-Up to Revenue Equiv)	3,129	3,129	3,129	3,129	3,129	3,129	3,129	3,129	3,129	3,129
Amortization Expense - Excess Liability ADIT (Grossed-Up to Revenue Equiv)	(12,059)	(12,059)	(12,059)	(12,059)	(12,059)	(12,059)	(12,059)	(12,059)	(12,059)	(12,059)
Total Amortization Expense	45,463	45,463	45,463	45,463	45,463	45,463	45,463	45,463	45,463	45,463
Return Of and On Revenue Requirement	81,866	78,559	75,333	72,189	69,045	65,900	62,756	59,612	56,468	53,323
NPV of Revenue Requirement	37,612	33,105	29,118	25,592	22,451	19,655	17,167	14,957	12,995	11,256
Levelized Revenue Requirement	86,172	86,172	86,172	86,172	86,172	86,172	86,172	86,172	86,172	86,172
NPV of Revenue Requirement - Check	39,591	36,313	33,307	30,550	28,020	25,701	23,573	21,621	19,831	18,190

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**LEVELIZED RECOVERY OF ALLOWED NEW NUCLEAR DEVELOPMENT COSTS**  
**LESS RELATED REGULATORY LIABILITIES**  
**ORS RECOMMENDATIONS**  
**(\$ THOUSAND)**

Allowed NND Costs Before Transfers, Sales and Other Reductions (Total Company)	\$2,865,680			
ORS CWIP Adjustments (not including transfers) (Total Company)	(\$19,944)			
Transfers to Unit 1 and Trans. (Total Company)	(\$74,130)			
Toshiba Proceeds Offset to NND Costs (Total Company)	(\$1,095,230)			
NOL ADIT on Allowed NND Costs @ 21% (Total Company)	\$18,635			
Excess NOL ADIT on Allowed NND Costs (Total Company)	\$48,504			
Prior Combined Federal and State Income Tax Rate %	38.25%			
Present Combined Federal and State Income Tax Rate %	24.95%			
Amort Period (Years) for Allowed NND Costs, Reg Liab, Liab ADIT, Excess NOL ADIT	20			
Amortization Period (Years) for NOL ADIT @ 21%	10			
Amortization Start Year	2019			
Equity Capitalization %	52.81%			
Equity Return %	9.10%			
Debt Capitalization %	47.19%			
Debt Return %	5.56%			
Prior Gross-Up Factor	1.6194			
Present Gross-Up Factor	1.3324			
SC Retail Allocation Factor	96.83%			
<b>South Carolina Retail</b>				
	<b>2037</b>	<b>2038</b>	<b>Total</b>	
<b>Regulatory Asset for NND Costs</b>	2,683,746	2,683,746		
Less: Accumulated Amortization of NND Costs	(2,549,559)	(2,683,746)		
Less: ADIT on NND Costs	(51,327)	(0)		
<b>Regulatory Liability for Toshiba Proceeds</b>	(1,060,511)	(1,060,511)		
Add: Accumulated Amortization of Reg Liab for Return of Toshiba Proceeds	1,007,486	1,060,511		
Add: ADIT on Reg Liab for Return of Toshiba Proceeds	20,282	0		
<b>Regulatory Liability for Return on Toshiba Proceeds</b>	(\$106,140)	(\$106,140)		
Add: Accumulated Amortization of Reg Liab for Return on Toshiba Proceeds	100,833	106,140		
Add: ADIT on Reg Liab for Return on Toshiba Proceeds	2,030	0		
<b>Regulatory Liability for Refund of Revised Rates on Disallowed NND Costs</b>	(\$391,980)	(\$391,980)		
Add: Accumulated Amortization of Reg Liab for Refund of Rev Rates	372,381	391,980		
Add: ADIT on Reg Liab for Refund of Rev Rates	6,581	0		
<b>Regulatory Liability for Return on Refund of Revised Rates</b>	(\$37,264)	(\$37,264)		
Add: Accumulated Amortization of Reg Liab for Ret on Ref of Rev Rates	35,400	37,264		
Add: ADIT on Reg Liab for Ret on Refund of Rev Rates	528	(0)		
<b>NOL ADIT @ 21%</b>	2	0		
<b>Excess NOL ADIT</b>				
<b>Total Rate Base End of Year</b>	<b>34,836</b>	<b>0</b>		
<b>Total Rate Base Average Year</b>	<b>52,253</b>	<b>17,418</b>		
<b>Grossed Up Rate of Return</b>	<b>9.03%</b>	<b>9.03%</b>		
<b>Return on Total Rate Base Average Year</b>	<b>17,716</b>	<b>1,572</b>		
	<b>336,995</b>			



**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**LEVELIZED RECOVERY OF ALLOWED NEW NUCLEAR DEVELOPMENT COSTS**  
**LESS RELATED REGULATORY LIABILITIES**  
**ORS RECOMMENDATIONS**  
**(\$ THOUSAND)**

Allowed NND Costs Before Transfers, Sales and Other Reductions (Total Company)	\$2,865,680			
ORS CWIP Adjustments (not including transfers) (Total Company)	(\$19,944)			
Transfers to Unit 1 and Trans. (Total Company)	(\$74,130)			
Toshiba Proceeds Offset to NND Costs (Total Company)	(\$1,095,230)			
NOL ADIT on Allowed NND Costs @ 21% (Total Company)	\$18,635			
Excess NOL ADIT on Allowed NND Costs (Total Company)	\$48,504			
Prior Combined Federal and State Income Tax Rate %	38.25%			
Present Combined Federal and State Income Tax Rate %	24.95%			
Amort Period (Years) for Allowed NND Costs, Reg Liab, Liab ADIT, Excess NOL ADIT	20			
Amortization Period (Years) for NOL ADIT @ 21%	10			
Amortization Start Year	2019			
Equity Capitalization %	52.81%			
Equity Return %	9.10%			
Debt Capitalization %	47.19%			
Debt Return %	5.56%			
Prior Gross-Up Factor	1.6194			
Present Gross-Up Factor	1.3324			
SC Retail Allocation Factor	96.83%			
<b>South Carolina Retail</b>				
	<b>2037</b>	<b>2038</b>	<b>Total</b>	
Amortization Expense - NND Regulatory Asset	134,187	134,187	2,683,746	
Amortization Expense - Toshiba Proceeds Regulatory Liability	(53,026)	(53,026)	(1,060,511)	
Amortization Expense - Return on Toshiba Proceeds Regulatory Liability	(5,307)	(5,307)	(106,140)	
Amortization Expense - Refund of Revised Rates on Disallowed Costs Reg Liability	(19,599)	(19,599)	(391,980)	
Amortization Expense - Refund of Return on Refund of Revised Rates Reg Liability	(1,863)	(1,863)	(37,264)	
Amortization Expense - Excess NOL ADIT (Grossed-Up to Revenue Equiv)	3,129	3,129	62,580	
Amortization Expense - Excess Liability ADIT (Grossed-Up to Revenue Equiv)	(12,059)	(12,059)	(241,178)	
Total Amortization Expense	45,463	45,463	909,253	
Return Of and On Revenue Requirement	50,179	47,035	1,546,247	
NPV of Revenue Requirement	9,715	8,352	785,171	
Levelized Revenue Requirement	86,172	86,172	1,723,445	
NPV of Revenue Requirement - Check	16,684	15,303	785,171	

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**LEVELIZED RECOVERY OF ALLOWED NEW NUCLEAR DEVELOPMENT COSTS**  
**LESS RELATED REGULATORY LIABILITIES**  
**ORS RECOMMENDATIONS**  
**(\$ THOUSAND)**

Allowed NND Costs Before Transfers, Sales and Other Reductions (Total Company)	\$2,865,680
ORS CWIP Adjustments (not including transfers) (Total Company)	(\$19,944)
Transfers to Unit 1 and Trans. (Total Company)	(\$74,130)
Toshiba Proceeds Offset to NND Costs (Total Company)	(\$1,095,230) Note: no reduction for estimated lien payments
NOL ADIT on Allowed NND Costs @ 21% (Total Company)	\$0
Excess NOL ADIT on Allowed NND Costs (Total Company)	\$48,504
Prior Combined Federal and State Income Tax Rate %	38.25%
Present Combined Federal and State Income Tax Rate %	24.95%
Amort Period (Years) for Allowed NND Costs, Reg Liab, Liab ADIT, Excess NOL ADIT	20
Amortization Period (Years) for NOL ADIT @ 21%	10 Note: estimate; actual amortization will be based on taxable income of SCE&G, SCANA, and/or Dominion
Amortization Start Year	2019
Equity Capitalization %	52.81%
Equity Return %	9.10%
Debt Capitalization %	47.19%
Debt Return %	5.56%
Securitization Debt Return %	5.00%
Prior Gross-Up Factor	1.6194
Present Gross-Up Factor	1.3324
SC Retail Allocation Factor	96.83%

**South Carolina Retail**

**Securitization**

<b>Regulatory Asset for NND Costs</b>	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746
Less: Accumulated Amortization of NND Costs	0	(134,187)	(268,375)	(402,562)	(536,749)	(670,937)	(805,124)	(939,311)	(1,073,498)			
<b>Total Securitized Rate Base End of Year</b>	<b>2,683,746</b>	<b>2,549,559</b>	<b>2,415,371</b>	<b>2,281,184</b>	<b>2,146,997</b>	<b>2,012,810</b>	<b>1,878,622</b>	<b>1,744,435</b>	<b>1,610,248</b>			
<b>Total Securitized Rate Base Average Year</b>	<b>2,616,652</b>	<b>2,482,465</b>	<b>2,348,278</b>	<b>2,214,091</b>	<b>2,214,091</b>	<b>2,079,903</b>	<b>1,945,716</b>	<b>1,811,529</b>	<b>1,677,341</b>			
<b>Securitized Debt Return on Securitized Rate Base Average Year</b>	<b>130,833</b>	<b>124,123</b>	<b>117,414</b>	<b>110,705</b>	<b>110,705</b>	<b>103,995</b>	<b>97,286</b>	<b>90,576</b>	<b>83,867</b>			

**Non-Securitization**

<b>Regulatory Asset for NND Costs</b>	0	0	0	0	0	0	0	0	0	0	0	0
Less: ADIT on NND Costs	(1,026,533)	(975,206)	(923,880)	(872,553)	(821,226)	(769,900)	(718,573)	(667,246)	(615,920)			
Add: ADIT on Sale of Right to Receive	669,595	585,124	554,328	523,532	492,736	461,940	431,144	400,348	369,552			
<b>Regulatory Liability for Toshiba Proceeds</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>
Add: Accumulated Amortization of Reg Liab for Return of Toshiba Proceeds	0	53,026	106,051	159,077	212,102	265,128	318,153	371,179	424,204			
Add: ADIT on Reg Liab for Return of Toshiba Proceeds	405,646	385,363	365,081	344,799	324,516	304,234	283,952	263,670	243,387			
<b>Regulatory Liability for Return on Toshiba Proceeds</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>
Add: Accumulated Amortization of Reg Liab for Return on Toshiba Proceeds	0	5,307	10,614	15,921	21,228	26,535	31,842	37,149	42,456			
Add: ADIT on Reg Liab for Return on Toshiba Proceeds	40,599	38,569	36,539	34,509	32,479	30,449	28,419	26,389	24,359			
<b>Regulatory Liability for Refund of Revised Rates on Disallowed NND Costs</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>
Add: Accumulated Amortization of Reg Liab for Refund of Rev Rates	0	19,599	39,198	58,797	78,396	97,995	117,594	137,193	156,792			

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**LEVELIZED RECOVERY OF ALLOWED NEW NUCLEAR DEVELOPMENT COSTS**  
**LESS RELATED REGULATORY LIABILITIES**  
**ORS RECOMMENDATIONS**  
**(\$ THOUSAND)**

Allowed NND Costs Before Transfers, Sales and Other Reductions (Total Company)	\$2,865,680
ORS CWIP Adjustments (not including transfers) (Total Company)	(\$19,944)
Transfers to Unit 1 and Trans. (Total Company)	(\$74,130)
Toshiba Proceeds Offset to NND Costs (Total Company)	\$0
NOL ADIT on Allowed NND Costs @ 21% (Total Company)	\$48,504
Excess NOL ADIT on Allowed NND Costs (Total Company)	38.25%
Prior Combined Federal and State Income Tax Rate %	24.95%
Present Combined Federal and State Income Tax Rate %	20
Amort Period (Years) for Allowed NND Costs, Reg Liab, Liab ADIT, Excess NOL ADIT	10
Amortization Period (Years) for NOL ADIT @ 21%	10
Amortization Start Year	2019
Equity Capitalization %	52.81%
Equity Return %	9.10%
Debt Capitalization %	47.19%
Debt Return %	5.56%
Securitization Debt Return %	5.00%
Prior Gross-Up Factor	1.6194
Present Gross-Up Factor	1.3324
SC Retail Allocation Factor	96.83%

10 Note: estimate; actual amortization will be based on taxable income of SCE&G, SCANA, and/or Dominion

**South Carolina Retail**

Add: ADIT on Reg Liab for Refund of Rev Rates  
**Regulatory Liability for Return on Refund of Revised Rates**  
Add: Accumulated Amortization of Reg Liab for Ret on Ref of Rev Rates  
Add: ADIT on Reg Liab for Ret on Refund of Rev Rates  
**NOL ADIT @ 21%**  
**Excess NOL ADIT**

2018	2019	2020	2021	2022	2023	2024	2025	2026
\$131,619	125,038	118,457	111,877	105,296	98,715	92,134	85,553	78,972
(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)
0	1,863	3,726	5,590	7,453	9,316	11,179	13,042	14,905
10,563	10,035	9,506	8,978	8,450	7,922	7,394	6,866	6,338
0	0	0	0	0	0	0	0	0
46,966	44,618	42,269	39,921	37,573	35,224	32,876	30,528	28,180
(1,317,441)	(1,302,560)	(1,234,005)	(1,165,449)	(1,096,893)	(1,028,337)	(959,781)	(891,225)	(822,670)

**Total Non-Securitized Rate Base End of Year**

**Total Non-Securitized Rate Base Average Year**

**Non-Securitized Grossed Up Rate of Return**

**Non-Securitized Return on Non-Securitized Rate Base Average Year**

**Total Securitized and Non-Securitized**

**Total Securitized + Non-Securitized Return on Total Rate Base Average Year**

Amortization Expense - NND Regulatory Asset	12,592	9,648	9,126	8,605	8,083	7,562	7,040	6,519
Amortization Expense - Toshiba Proceeds Regulatory Liability	134,187	134,187	134,187	134,187	134,187	134,187	134,187	134,187
Amortization Expense - Return on Toshiba Proceeds Regulatory Liability	(53,026)	(53,026)	(53,026)	(53,026)	(53,026)	(53,026)	(53,026)	(53,026)
Amortization Expense - Refund of Revised Rates for Disallowed Costs Reg Liability	(5,307)	(5,307)	(5,307)	(5,307)	(5,307)	(5,307)	(5,307)	(5,307)
	(19,599)	(19,599)	(19,599)	(19,599)	(19,599)	(19,599)	(19,599)	(19,599)

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**LEVELIZED RECOVERY OF ALLOWED NEW NUCLEAR DEVELOPMENT COSTS**  
**LESS RELATED REGULATORY LIABILITIES**  
**ORS RECOMMENDATIONS**  
**(\$ THOUSAND)**

Allowed NND Costs Before Transfers, Sales and Other Reductions (Total Company)	\$2,865,680	2018	2019	2020	2021	2022	2023	2024	2025	2026
ORS CWIP Adjustments (not including transfers) (Total Company)	(\$19,944)									
Transfers to Unit 1 and Trans. (Total Company)	(\$74,130)									
Toshiba Proceeds Offset to NND Costs (Total Company)	(\$1,095,230)									
NOL ADIT on Allowed NND Costs @ 21% (Total Company)	\$0									
Excess NOL ADIT on Allowed NND Costs (Total Company)	\$48,504									
Prior Combined Federal and State Income Tax Rate %	38.25%									
Present Combined Federal and State Income Tax Rate %	24.95%									
Amort Period (Years) for Allowed NND Costs, Reg Liab, Liab ADIT, Excess NOL ADIT	20									
Amortization Period (Years) for NOL ADIT @ 21%	10									
Amortization Start Year	2019									
Equity Capitalization %	52.81%									
Equity Return %	9.10%									
Debt Capitalization %	47.19%									
Debt Return %	5.56%									
Securitization Debt Return %	5.00%									
Prior Gross-Up Factor	1.6194									
Present Gross-Up Factor	1.3324									
SC Retail Allocation Factor	96.83%									
10 Note: estimate; actual amortization will be based on taxable income of SCE&G, SCANA, and/or Dominion										
South Carolina Retail										
Amortization Expense - Refund of Return on Refund of Revised Rates Reg Liability			(1,863)	(1,863)	(1,863)	(1,863)	(1,863)	(1,863)	(1,863)	(1,863)
Amortization Expense - Excess NOL ADIT (Grossed-Up to Revenue Equiv)			3,129	3,129	3,129	3,129	3,129	3,129	3,129	3,129
Amortization Expense - Excess Liability ADIT (Grossed-Up to Revenue Equiv)			(12,059)	(12,059)	(12,059)	(12,059)	(12,059)	(12,059)	(12,059)	(12,059)
Total Amortization Expense			45,463	45,463	45,463	45,463	45,463	45,463	45,463	45,463
Return Of + Total Securitized + Non-Securitized Return On Revenue Requirement			58,054	55,111	54,589	54,068	53,546	53,025	52,503	51,981
NPV of Revenue Requirement			53,248	46,363	42,123	38,266	34,760	31,572	28,673	26,038
Levelized Revenue Requirement			52,350	52,350	52,350	52,350	52,350	52,350	52,350	52,350
NPV of Revenue Requirement - Check			48,016	44,041	40,395	37,051	33,983	31,170	28,590	26,223

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**LEVELIZED RECOVERY OF ALLOWED NEW NUCLEAR DEVELOPMENT COSTS**  
**LESS RELATED REGULATORY LIABILITIES**  
**ORS RECOMMENDATIONS**  
**(\$ THOUSAND)**

Allowed NND Costs Before Transfers, Sales and Other Reductions (Total Company)	\$2,865,680
ORS CWIP Adjustments (not including transfers) (Total Company)	(\$19,944)
Transfers to Unit 1 and Trans. (Total Company)	(\$74,130)
Toshiba Proceeds Offset to NND Costs (Total Company)	(\$1,095,230)
NOL ADIT on Allowed NND Costs @ 21% (Total Company)	\$0
Excess NOL ADIT on Allowed NND Costs (Total Company)	\$48,504
Prior Combined Federal and State Income Tax Rate %	38.25%
Present Combined Federal and State Income Tax Rate %	24.95%
Amort Period (Years) for Allowed NND Costs, Reg Liab, Liab ADIT, Excess NOL ADIT	20
Amortization Period (Years) for NOL ADIT @ 21%	10
Amortization Start Year	2019
Equity Capitalization %	52.81%
Equity Return %	9.10%
Debt Capitalization %	47.19%
Debt Return %	5.56%
Securitization Debt Return %	5.00%
Prior Gross-Up Factor	1.6194
Present Gross-Up Factor	1.3324
SC Retail Allocation Factor	96.83%

**South Carolina Retail**

**Securitization**

<b>Regulatory Asset for NND Costs</b>	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746
Less: Accumulated Amortization of NND Costs	(1,207,686)	(1,341,873)	(1,476,060)	(1,610,248)	(1,744,435)	(1,878,622)	(2,012,810)	(2,146,997)	(2,281,184)				
<b>Total Securitized Rate Base End of Year</b>	<b>1,476,060</b>	<b>1,341,873</b>	<b>1,207,686</b>	<b>1,073,498</b>	<b>939,311</b>	<b>805,124</b>	<b>670,937</b>	<b>536,749</b>	<b>402,562</b>				
<b>Total Securitized Rate Base Average Year</b>	<b>1,543,154</b>	<b>1,408,967</b>	<b>1,274,779</b>	<b>1,140,592</b>	<b>1,006,405</b>	<b>872,217</b>	<b>738,030</b>	<b>603,843</b>	<b>469,656</b>				
<b>Securitized Debt Return on Securitized Rate Base Average Year</b>	<b>77,158</b>	<b>70,448</b>	<b>63,739</b>	<b>57,030</b>	<b>50,320</b>	<b>43,611</b>	<b>36,902</b>	<b>30,192</b>	<b>23,483</b>				

**Non-Securitization**

<b>Regulatory Asset for NND Costs</b>	0	0	0	0	0	0	0	0	0	0	0	0	0
Less: ADIT on NND Costs	(564,593)	(513,266)	(461,940)	(410,613)	(359,287)	(307,960)	(256,633)	(205,307)	(153,980)				
Add: ADIT on Sale of Right to Receive	338,756	307,960	277,164	246,368	215,572	184,776	153,980	123,184	92,388				
<b>Regulatory Liability for Toshiba Proceeds</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>
Add: Accumulated Amortization of Reg Liab for Return of Toshiba Proceeds	477,230	530,256	583,281	636,307	689,332	742,358	795,383	848,409	901,435				
Add: ADIT on Reg Liab for Return of Toshiba Proceeds	223,105	202,823	182,540	162,258	141,976	121,694	101,411	81,129	60,847				
<b>Regulatory Liability for Return on Toshiba Proceeds</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>
Add: Accumulated Amortization of Reg Liab for Return on Toshiba Proceeds	47,763	53,070	58,377	63,684	68,991	74,298	79,605	84,912	90,219				
Add: ADIT on Reg Liab for Return on Toshiba Proceeds	22,329	20,299	18,269	16,239	14,210	12,180	10,150	8,120	6,090				
<b>Regulatory Liability for Refund of Revised Rates on Disallowed NND Costs</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>
Add: Accumulated Amortization of Reg Liab for Refund of Rev Rates	176,391	195,990	215,589	235,188	254,787	274,386	293,985	313,584	333,183				

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**LEVELIZED RECOVERY OF ALLOWED NEW NUCLEAR DEVELOPMENT COSTS**  
**LESS RELATED REGULATORY LIABILITIES**  
**ORS RECOMMENDATIONS**  
**(\$ THOUSAND)**

Allowed NND Costs Before Transfers, Sales and Other Reductions (Total Company)	\$2,865,680
ORS CWIP Adjustments (not including transfers) (Total Company)	(\$19,944)
Transfers to Unit 1 and Trans. (Total Company)	(\$74,130)
Toshiba Proceeds Offset to NND Costs (Total Company)	(\$1,095,230)
NOL ADIT on Allowed NND Costs @ 21% (Total Company)	\$0
Excess NOL ADIT on Allowed NND Costs (Total Company)	\$48,504
Prior Combined Federal and State Income Tax Rate %	38.25%
Present Combined Federal and State Income Tax Rate %	24.95%
Amort Period (Years) for Allowed NND Costs, Reg Liab, Liab ADIT, Excess NOL ADIT	20
Amortization Period (Years) for NOL ADIT @ 21%	10
Amortization Start Year	2019
Equity Capitalization %	52.81%
Equity Return %	9.10%
Debt Capitalization %	47.19%
Debt Return %	5.56%
Securitization Debt Return %	5.00%
Prior Gross-Up Factor	1.6194
Present Gross-Up Factor	1.3324
SC Retail Allocation Factor	96.83%

**South Carolina Retail**

Add: ADIT on Reg Liab for Refund of Rev Rates  
**Regulatory Liability for Return on Refund of Revised Rates**  
Add: Accumulated Amortization of Reg Liab for Ret on Ref of Rev Rates  
Add: ADIT on Reg Liab for Ret on Refund of Rev Rates  
**NOL ADIT @ 21%**  
**Excess NOL ADIT**

	2027	2028	2029	2030	2031	2032	2033	2034	2035
72,391	65,810	59,229	52,648	46,067	39,486	32,905	26,324	19,743	
(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)
16,769	18,632	20,495	22,358	24,221	26,085	27,948	29,811	31,674	
5,810	5,281	4,753	4,225	3,697	3,169	2,641	2,113	1,584	
0	0	0	0	0	0	0	0	0	
25,831	23,483	21,135	18,786	16,438	14,090	11,741	9,393	7,045	
(754,114)	(685,558)	(617,002)	(548,446)	(479,891)	(411,335)	(342,779)	(274,223)	(205,667)	
(788,392)	(719,836)	(651,280)	(582,724)	(514,169)	(445,613)	(377,057)	(308,501)	(239,945)	
9.03%	9.03%	9.03%	9.03%	9.03%	9.03%	9.03%	9.03%	9.03%	
(71,160)	(64,972)	(58,785)	(52,597)	(46,409)	(40,221)	(34,033)	(27,845)	(21,657)	

**Total Securitized and Non-Securitized**

**Total Securitized + Non-Securitized Return on Total Rate Base Average Year**

5,997	5,476	4,954	4,433	3,911	3,390	2,868	2,347	1,825	
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**Amortization Expense - NND Regulatory Asset**  
**Amortization Expense - Toshiba Proceeds Regulatory Liability**  
**Amortization Expense - Return on Toshiba Proceeds Regulatory Liability**  
**Amortization Expense - Refund of Revised Rates on Disallowed Costs Reg Liability**

134,187	134,187	134,187	134,187	134,187	134,187	134,187	134,187	134,187	
(53,026)	(53,026)	(53,026)	(53,026)	(53,026)	(53,026)	(53,026)	(53,026)	(53,026)	
(5,307)	(5,307)	(5,307)	(5,307)	(5,307)	(5,307)	(5,307)	(5,307)	(5,307)	
(19,599)	(19,599)	(19,599)	(19,599)	(19,599)	(19,599)	(19,599)	(19,599)	(19,599)	

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**LEVELIZED RECOVERY OF ALLOWED NEW NUCLEAR DEVELOPMENT COSTS**  
**LESS RELATED REGULATORY LIABILITIES**  
**ORS RECOMMENDATIONS**  
**(\$ THOUSAND)**

Allowed NND Costs Before Transfers, Sales and Other Reductions (Total Company)	\$2,865,680
ORS CWIP Adjustments (not including transfers) (Total Company)	(\$19,944)
Transfers to Unit 1 and Trans. (Total Company)	(\$74,130)
Toshiba Proceeds Offset to NND Costs (Total Company)	(\$1,095,230)
NOL ADIT on Allowed NND Costs @ 21% (Total Company)	\$0
Excess NOL ADIT on Allowed NND Costs (Total Company)	\$48,504
Prior Combined Federal and State Income Tax Rate %	38.25%
Present Combined Federal and State Income Tax Rate %	24.95%
Amort Period (Years) for Allowed NND Costs, Reg Liab, Liab ADIT, Excess NOL ADIT	20
Amortization Period (Years) for NOL ADIT @ 21%	10
Amortization Start Year	2019
Equity Capitalization %	52.81%
Equity Return %	9.10%
Debt Capitalization %	47.19%
Debt Return %	5.56%
Securitization Debt Return %	5.00%
Prior Gross-Up Factor	1.6194
Present Gross-Up Factor	1.3324
SC Retail Allocation Factor	96.83%

**South Carolina Retail**

	2027	2028	2029	2030	2031	2032	2033	2034	2035
Amortization Expense - Refund of Return on Refund of Revised Rates Reg Liability	(1,863)	(1,863)	(1,863)	(1,863)	(1,863)	(1,863)	(1,863)	(1,863)	(1,863)
Amortization Expense - Excess NOL ADIT (Grossed-Up to Revenue Equiv)	3,129	3,129	3,129	3,129	3,129	3,129	3,129	3,129	3,129
Amortization Expense - Excess Liability ADIT (Grossed-Up to Revenue Equiv)	(12,059)	(12,059)	(12,059)	(12,059)	(12,059)	(12,059)	(12,059)	(12,059)	(12,059)
Total Amortization Expense	45,463	45,463	45,463	45,463	45,463	45,463	45,463	45,463	45,463
Return Of + Total Securitized + Non-Securitized Return On Revenue Requirement	51,460	50,938	50,417	49,895	49,374	48,852	48,331	47,809	47,288
NPV of Revenue Requirement	23,643	21,466	19,487	17,689	16,055	14,570	13,221	11,996	10,883
Levelized Revenue Requirement	52,350	52,350	52,350	52,350	52,350	52,350	52,350	52,350	52,350
NPV of Revenue Requirement - Check	24,052	22,062	20,234	18,559	17,023	15,913	14,321	13,135	12,048

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**LEVELIZED RECOVERY OF ALLOWED NEW NUCLEAR DEVELOPMENT COSTS**  
**LESS RELATED REGULATORY LIABILITIES**  
**ORS RECOMMENDATIONS**  
**(\$ THOUSAND)**

Allowed NND Costs Before Transfers, Sales and Other Reductions (Total Company)	\$2,865,680			
ORS CWIP Adjustments (not including transfers) (Total Company)	(\$19,944)			
Transfers to Unit 1 and Trans. (Total Company)	(\$74,130)			
Toshiba Proceeds Offset to NND Costs (Total Company)	(\$1,095,230)			
NOL ADIT on Allowed NND Costs @ 21% (Total Company)	\$0			
Excess NOL ADIT on Allowed NND Costs (Total Company)	\$48,504			
Prior Combined Federal and State Income Tax Rate %	38.25%			
Present Combined Federal and State Income Tax Rate %	24.95%			
Amort Period (Years) for Allowed NND Costs, Reg Liab, Liab ADIT, Excess NOL ADIT	20			
Amortization Period (Years) for NOL ADIT @ 21%	10			
Amortization Start Year	2019			
Equity Capitalization %	52.81%			
Equity Return %	9.10%			
Debt Capitalization %	47.19%			
Debt Return %	5.56%			
Securitization Debt Return %	5.00%			
Prior Gross-Up Factor	1.6194			
Present Gross-Up Factor	1.3324			
SC Retail Allocation Factor	96.83%			
<b>South Carolina Retail</b>				
<b>Securitization</b>				
Regulatory Asset for NND Costs	2,683,746	2,683,746	2,683,746	
Less: Accumulated Amortization of NND Costs	(2,415,371)	(2,549,559)	(2,683,746)	
Total Securitized Rate Base End of Year	268,375	134,187	0	
Total Securitized Rate Base Average Year	335,468	201,281	67,094	
Securitized Debt Return on Securitized Rate Base Average Year	16,773	10,064	3,355	1,341,873
<b>Non-Securitization</b>				
Regulatory Asset for NND Costs	0	0	0	0
Less: ADIT on NND Costs	(102,653)	(51,327)	(0)	(0)
Add: ADIT on Sale of Right to Receive	61,592	30,796	0	0
Regulatory Liability for Toshiba Proceeds	(1,060,511)	(1,060,511)	(1,060,511)	(1,060,511)
Add: Accumulated Amortization of Reg Liab for Return of Toshiba Proceeds	954,460	1,007,486	1,060,511	
Add: ADIT on Reg Liab for Return of Toshiba Proceeds	40,565	20,282	0	0
Regulatory Liability for Return on Toshiba Proceeds	(\$106,140)	(\$106,140)	(\$106,140)	(\$106,140)
Add: Accumulated Amortization of Reg Liab for Return on Toshiba Proceeds	95,526	100,833	106,140	
Add: ADIT on Reg Liab for Return on Toshiba Proceeds	4,060	2,030	0	0
Regulatory Liability for Refund of Revised Rates on Disallowed NND Costs	(\$391,980)	(\$391,980)	(\$391,980)	(\$391,980)
Add: Accumulated Amortization of Reg Liab for Refund of Rev Rates	352,782	181,376	391,980	



**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**LEVELIZED RECOVERY OF ALLOWED NEW NUCLEAR DEVELOPMENT COSTS**  
**LESS RELATED REGULATORY LIABILITIES**  
**ORS RECOMMENDATIONS**  
**(\$ THOUSAND)**

Allowed NND Costs Before Transfers, Sales and Other Reductions (Total Company)	\$2,865,680			
ORS CWIP Adjustments (not including transfers) (Total Company)	(\$19,944)			
Transfers to Unit 1 and Trans. (Total Company)	(\$74,130)			
Toshiba Proceeds Offset to NND Costs (Total Company)	(\$1,095,230)			
NOL ADIT on Allowed NND Costs @ 21% (Total Company)	\$0			
Excess NOL ADIT on Allowed NND Costs (Total Company)	\$48,504			
Prior Combined Federal and State Income Tax Rate %	38.25%			
Present Combined Federal and State Income Tax Rate %	24.95%			
Amort Period (Years) for Allowed NND Costs, Reg Liab, Liab ADIT, Excess NOL ADIT	20			
Amortization Period (Years) for NOL ADIT @ 21%	10			
Amortization Start Year	2019			
Equity Capitalization %	52.81%			
Equity Return %	9.10%			
Debt Capitalization %	47.19%			
Debt Return %	5.56%			
Securitization Debt Return %	5.00%			
Prior Gross-Up Factor	1.6194			
Present Gross-Up Factor	1.3324			
SC Retail Allocation Factor	96.83%			
<b>South Carolina Retail</b>				
Add: ADIT on Reg Liab for Refund of Rev Rates	13,162	6,581	0	
<b>Regulatory Liability for Return on Refund of Revised Rates</b>	<b>(\$37,264)</b>	<b>(\$37,264)</b>	<b>(\$37,264)</b>	
Add: Accumulated Amortization of Reg Liab for Ret on Ref of Rev Rates	33,537	35,400	37,264	
Add: ADIT on Reg Liab for Ret on Refund of Rev Rates	1,056	528	(0)	
<b>NOL ADIT @ 21%</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Excess NOL ADIT	4,697	2,348	0	
<b>Total Non-Securitized Rate Base End of Year</b>	<b>(137,112)</b>	<b>(68,556)</b>	<b>0</b>	
<b>Total Non-Securitized Rate Base Average Year</b>	<b>(171,390)</b>	<b>(102,834)</b>	<b>(34,278)</b>	
<b>Non-Securitized Grossed Up Rate of Return</b>	<b>9.03%</b>	<b>9.03%</b>	<b>9.03%</b>	
<b>Non-Securitized Return on Non-Securitized Rate Base Average Year</b>	<b>(15,470)</b>	<b>(9,282)</b>	<b>(3,094)</b>	<b>(1,235,149)</b>
<b>Total Securitized and Non-Securitized</b>	<b>1,304</b>	<b>782</b>	<b>261</b>	
<b>Total Securitized + Non-Securitized Return on Total Rate Base Average Year</b>				
Amortization Expense - NND Regulatory Asset	134,187	134,187	134,187	
Amortization Expense - Toshiba Proceeds Regulatory Liability	(53,026)	(53,026)	(53,026)	
Amortization Expense - Return on Toshiba Proceeds Regulatory Liability	(5,307)	(5,307)	(5,307)	
Amortization Expense - Refund of Revised Rates on Disallowed Costs Reg Liability	(1)	(1)	(1)	

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**LEVELIZED RECOVERY OF ALLOWED NEW NUCLEAR DEVELOPMENT COSTS**  
**LESS RELATED REGULATORY LIABILITIES**  
**ORS RECOMMENDATIONS**  
**(\$ THOUSAND)**

Allowed NND Costs Before Transfers, Sales and Other Reductions (Total Company)	\$2,865,680			
ORS CWIP Adjustments (not including transfers) (Total Company)	(\$19,944)			
Transfers to Unit 1 and Trans. (Total Company)	(\$74,130)			
Toshiba Proceeds Offset to NND Costs (Total Company)	(\$1,095,230)			
NOL ADIT on Allowed NND Costs @ 21% (Total Company)	\$0			
Excess NOL ADIT on Allowed NND Costs (Total Company)	\$48,504			
Prior Combined Federal and State Income Tax Rate %	38.25%			
Present Combined Federal and State Income Tax Rate %	24.95%			
Amort Period (Years) for Allowed NND Costs, Reg Liab, Liab ADIT, Excess NOL ADIT	20			
Amortization Period (Years) for NOL ADIT @ 21%	10			
Amortization Start Year	2019			
Equity Capitalization %	52.81%			
Equity Return %	9.10%			
Debt Capitalization %	47.19%			
Debt Return %	5.56%			
Securitization Debt Return %	5.00%			
Prior Gross-Up Factor	1.6194			
Present Gross-Up Factor	1.3324			
SC Retail Allocation Factor	96.83%			
<b>South Carolina Retail</b>				
Amortization Expense - Refund of Return on Refund of Revised Rates Reg Liability	(1,863)	(1,863)	(1,863)	
Amortization Expense - Excess NOL ADIT (Grossed-Up to Revenue Equiv)	3,129	3,129	3,129	
Amortization Expense - Excess Liability ADIT (Grossed-Up to Revenue Equiv)	(12,059)	(12,059)	(12,059)	
Total Amortization Expense	45,463	45,463	45,463	909,253
Return Of + Total Securitized + Non-Securitized Return On Revenue Requirement	46,766	46,245	45,723	1,015,977
NPV of Revenue Requirement	9,872	8,953	8,120	476,997
Levelized Revenue Requirement	52,350	52,350	52,350	1,047,004
NPV of Revenue Requirement - Check	505011	91136	6	476,997

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
 LEVELIZED RECOVERY OF ALLOWED NEW NUCLEAR DEVELOPMENT COSTS  
 LESS RELATED REGULATORY LIABILITIES  
 ORS RECOMMENDATIONS  
 (\$ THOUSAND)**

Allowed NND Costs Before Transfers, Sales and Other Reductions (Total Company)	\$2,865,680
ORS CWIP Adjustments (not including transfers) (Total Company)	(\$19,944)
Transfers to Unit 1 and Trans. (Total Company)	(\$74,130)
Toshiba Proceeds Offset to NND Costs (Total Company)	
NOL ADIT on Allowed NND Costs @ 21% (Total Company)	\$0
Excess NOL ADIT on Allowed NND Costs (Total Company)	\$48,504
Prior Combined Federal and State Income Tax Rate %	38.25%
Present Combined Federal and State Income Tax Rate %	24.95%
Amort Period (Years) for Allowed NND Costs, Reg Liab, Liab ADIT, Excess NOL ADIT	20
Amortization Period (Years) for NOL ADIT @ 21%	10
Amortization Start Year	2019
Equity Capitalization %	52.81%
Equity Return %	9.10%
Debt Capitalization %	47.19%
Debt Return %	5.56%
Securitization Debt Return %	4.00%
Prior Gross-Up Factor	1.6194
Present Gross-Up Factor	1.3324
SC Retail Allocation Factor	96.83%

10 Note: estimate; actual amortization will be based on taxable income of SCE&G, SCANA, and/or Dominion

**South Carolina Retail**

**Securitization**

<b>Regulatory Asset for NND Costs</b>	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746
Less: Accumulated Amortization of NND Costs	0	(134,187)	(268,375)	(402,562)	(536,749)	(670,937)	(805,124)	(939,311)	(1,073,498)				
<b>Total Securitized Rate Base End of Year</b>	2,683,746	2,549,559	2,415,371	2,281,184	2,146,997	2,012,810	1,878,622	1,744,435	1,610,248				
<b>Total Securitized Rate Base Average Year</b>	2,616,652	2,482,465	2,348,278	2,214,091	2,079,903	1,945,716	1,811,529	1,677,341					
<b>Securitized Debt Return on Securitized Rate Base Average Year</b>	104.666	99.299	93.931	88.564	83.196	77.829	72.461	67.094					

**Non-Securitization**

<b>Regulatory Asset for NND Costs</b>	0	0	0	0	0	0	0	0	0	0	0	0	0
Less: ADIT on NND Costs	(1,026,533)	(975,206)	(923,880)	(872,553)	(821,226)	(769,900)	(718,573)	(667,246)	(615,920)				
Add: ADIT on Sale of Right to Receive	669,595	585,124	554,328	523,532	492,736	461,940	431,144	400,348	369,552				
<b>Regulatory Liability for Toshiba Proceeds</b>	(1,060,511)	(1,060,511)	(1,060,511)	(1,060,511)	(1,060,511)	(1,060,511)	(1,060,511)	(1,060,511)	(1,060,511)				
Add: Accumulated Amortization of Reg Liab for Return of Toshiba Proceeds	0	53,026	106,051	159,077	212,102	265,128	318,153	371,179	424,204				
Add: ADIT on Reg Liab for Return of Toshiba Proceeds	405,646	385,363	365,081	344,799	324,516	304,234	283,952	263,670	243,387				
<b>Regulatory Liability for Return on Toshiba Proceeds</b>	(\$106,140)	(\$106,140)	(\$106,140)	(\$106,140)	(\$106,140)	(\$106,140)	(\$106,140)	(\$106,140)	(\$106,140)				
Add: Accumulated Amortization of Reg Liab for Return on Toshiba Proceeds	0	5,307	10,614	15,921	21,228	26,535	31,842	37,149	42,456				
Add: ADIT on Reg Liab for Return on Toshiba Proceeds	40,599	38,569	36,539	34,509	32,479	30,449	28,419	26,389	24,359				
<b>Regulatory Liability for Refund of Revised Rates on Disallowed NND Costs</b>	(\$391,980)	(\$391,980)	(\$391,980)	(\$391,980)	(\$391,980)	(\$391,980)	(\$391,980)	(\$391,980)	(\$391,980)				
Add: Accumulated Amortization of Reg Liab for Refund of Rev Rates	0	19,599	39,198	58,797	78,396	97,995	117,594	137,193	156,792				

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**LEVELIZED RECOVERY OF ALLOWED NEW NUCLEAR DEVELOPMENT COSTS**  
**LESS RELATED REGULATORY LIABILITIES**  
**ORS RECOMMENDATIONS**  
**(\$ THOUSAND)**

Allowed NND Costs Before Transfers, Sales and Other Reductions (Total Company)	\$2,865,680
ORS CWIP Adjustments (not including transfers) (Total Company)	(\$19,944)
Transfers to Unit 1 and Trans. (Total Company)	(\$74,130)
Toshiba Proceeds Offset to NND Costs (Total Company)	\$0
NOL ADIT on Allowed NND Costs @ 21% (Total Company)	\$48,504
Excess NOL ADIT on Allowed NND Costs (Total Company)	38.25%
Prior Combined Federal and State Income Tax Rate %	24.95%
Present Combined Federal and State Income Tax Rate %	20
Amort Period (Years) for Allowed NND Costs, Reg Liab, Liab ADIT, Excess NOL ADIT	10
Amortization Period (Years) for NOL ADIT @ 21%	10
Amortization Start Year	2019
Equity Capitalization %	52.81%
Equity Return %	9.10%
Debt Capitalization %	47.19%
Debt Return %	5.56%
Securitization Debt Return %	4.00%
Prior Gross-Up Factor	1.6194
Present Gross-Up Factor	1.3324
SC Retail Allocation Factor	96.83%

10 Note: estimate; actual amortization will be based on taxable income of SCE&G, SCANA, and/or Dominion

**South Carolina Retail**

Add: ADIT on Reg Liab for Refund of Rev Rates  
**Regulatory Liability for Return on Refund of Revised Rates**  
Add: Accumulated Amortization of Reg Liab for Ret on Ref of Rev Rates  
Add: ADIT on Reg Liab for Ret on Refund of Rev Rates  
**NOL ADIT @ 21%**  
**Excess NOL ADIT**

**Total Non-Securitized Rate Base End of Year**

**Total Non-Securitized Rate Base Average Year**

**Non-Securitized Grossed Up Rate of Return**

**Non-Securitized Return on Non-Securitized Rate Base Average Year**

**Total Securitized and Non-Securitized**

**Total Securitized + Non-Securitized Return on Total Rate Base Average Year**

**Amortization Expense - NND Regulatory Asset**  
**Amortization Expense - Toshiba Proceeds Regulatory Liability**  
**Amortization Expense - Return on Toshiba Proceeds Regulatory Liability**  
**Amortization Expense - Refund of Revised Rates on Disallowed Costs Reg Liability**

	2018	2019	2020	2021	2022	2023	2024	2025	2026
\$131,619	125,038	118,457	111,877	105,296	98,715	92,134	85,553	78,972	
(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)	
0	1,863	3,726	5,590	7,453	9,316	11,179	13,042	14,905	
10,563	10,035	9,506	8,978	8,450	7,922	7,394	6,866	6,338	
0	0	0	0	0	0	0	0	0	
46,966	44,618	42,269	39,921	37,573	35,224	32,876	30,528	28,180	
(1,317,441)	(1,302,560)	(1,234,005)	(1,165,449)	(1,096,893)	(1,028,337)	(959,781)	(891,225)	(822,670)	
(1,310,001)	(1,268,282)	(1,199,727)	(1,131,171)	(1,062,615)	(994,059)	(925,503)	(856,948)		
9.03%	9.03%	9.03%	9.03%	9.03%	9.03%	9.03%	9.03%	9.03%	
(118,241)	(114,475)	(108,287)	(102,100)	(95,912)	(89,724)	(83,536)	(77,348)		
(13,575)	(15,177)	(14,356)	(13,536)	(12,716)	(11,895)	(11,075)	(10,255)		
134,187	134,187	134,187	134,187	134,187	134,187	134,187	134,187	134,187	
(53,026)	(53,026)	(53,026)	(53,026)	(53,026)	(53,026)	(53,026)	(53,026)	(53,026)	
(5,307)	(5,307)	(5,307)	(5,307)	(5,307)	(5,307)	(5,307)	(5,307)	(5,307)	
(19,599)	(19,599)	(19,599)	(19,599)	(19,599)	(19,599)	(19,599)	(19,599)	(19,599)	

South Carolina Retail

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
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Transfers to Unit 1 and Trans. (Total Company)	(\$74,130)
Toshiba Proceeds Offset to NND Costs (Total Company)	(\$1,095,230)
NOL ADIT on Allowed NND Costs @ 21% (Total Company)	\$0
Excess NOL ADIT on Allowed NND Costs (Total Company)	\$48,504
Prior Combined Federal and State Income Tax Rate %	38.25%
Present Combined Federal and State Income Tax Rate %	24.95%
Amort Period (Years) for Allowed NND Costs, Reg Liab, Liab ADIT, Excess NOL ADIT	20
Amortization Period (Years) for NOL ADIT @ 21%	10
Amortization Start Year	2019
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Equity Return %	9.10%
Debt Capitalization %	47.19%
Debt Return %	5.56%
Securitization Debt Return %	4.00%
Prior Gross-Up Factor	1.6194
Present Gross-Up Factor	1.3324
SC Retail Allocation Factor	96.83%

**South Carolina Retail**

**Securitization**

<b>Regulatory Asset for NND Costs</b>	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746	2,683,746
Less: Accumulated Amortization of NND Costs	(1,207,686)	(1,341,873)	(1,476,060)	(1,610,248)	(1,744,435)	(1,878,622)	(2,012,810)	(2,146,997)	(2,281,184)				
<b>Total Securitized Rate Base End of Year</b>	<b>1,476,060</b>	<b>1,341,873</b>	<b>1,207,686</b>	<b>1,073,498</b>	<b>939,311</b>	<b>805,124</b>	<b>670,937</b>	<b>536,749</b>	<b>402,562</b>				
<b>Total Securitized Rate Base Average Year</b>	<b>1,543,154</b>	<b>1,408,967</b>	<b>1,274,779</b>	<b>1,140,592</b>	<b>1,006,405</b>	<b>872,217</b>	<b>738,030</b>	<b>603,843</b>	<b>469,656</b>				
<b>Securitized Debt Return on Securitized Rate Base Average Year</b>	<b>61,726</b>	<b>56,359</b>	<b>50,991</b>	<b>45,624</b>	<b>40,256</b>	<b>34,889</b>	<b>29,521</b>	<b>24,154</b>	<b>18,786</b>				

**Non-Securitization**

<b>Regulatory Asset for NND Costs</b>	0	0	0	0	0	0	0	0	0	0	0	0	0
Less: ADIT on NND Costs	(564,593)	(513,266)	(461,940)	(410,613)	(359,287)	(307,960)	(256,633)	(205,307)	(153,980)				
Add: ADIT on Sale of Right to Receive	338,756	307,960	277,164	246,368	215,572	184,776	153,980	123,184	92,388				
<b>Regulatory Liability for Toshiba Proceeds</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>	<b>(1,060,511)</b>
Add: Accumulated Amortization of Reg Liab for Return of Toshiba Proceeds	477,230	530,256	583,281	636,307	689,332	742,358	795,383	848,409	901,435				
Add: ADIT on Reg Liab for Return of Toshiba Proceeds	223,105	202,823	182,540	162,258	141,976	121,694	101,411	81,129	60,847				
<b>Regulatory Liability for Return on Toshiba Proceeds</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>	<b>(\$106,140)</b>
Add: Accumulated Amortization of Reg Liab for Return on Toshiba Proceeds	47,763	53,070	58,377	63,684	68,991	74,298	79,605	84,912	90,219				
Add: ADIT on Reg Liab for Return on Toshiba Proceeds	22,329	20,299	18,269	16,239	14,210	12,180	10,150	8,120	6,090				
<b>Regulatory Liability for Refund of Revised Rates on Disallowed NND Costs</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>	<b>(\$391,980)</b>
Add: Accumulated Amortization of Reg Liab for Refund of Rev Rates	176,391	195,990	215,589	235,188	254,787	274,386	293,985	313,584	333,183				

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Excess NOL ADIT on Allowed NND Costs (Total Company)	\$48,504
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Present Combined Federal and State Income Tax Rate %	24.95%
Amort Period (Years) for Allowed NND Costs, Reg Liab, Liab ADIT, Excess NOL ADIT	20
Amortization Period (Years) for NOL ADIT @ 21%	10
Amortization Start Year	2019
Equity Capitalization %	52.81%
Equity Return %	9.10%
Debt Capitalization %	47.19%
Debt Return %	5.56%
Securitization Debt Return %	4.00%
Prior Gross-Up Factor	1.6194
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SC Retail Allocation Factor	96.83%

**South Carolina Retail**

Add: ADIT on Reg Liab for Refund of Rev Rates  
**Regulatory Liability for Return on Refund of Revised Rates**  
Add: Accumulated Amortization of Reg Liab for Ret on Ref of Rev Rates  
Add: ADIT on Reg Liab for Ret on Refund of Rev Rates  
**NOL ADIT @ 21%**  
**Excess NOL ADIT**

<b>Total Non-Securitized Rate Base End of Year</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>
	72,391	65,810	59,229	52,648	46,067	39,486	32,905	26,324	19,743
	(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)	(\$37,264)
	16,769	18,632	20,495	22,358	24,221	26,085	27,948	29,811	31,674
	5,810	5,281	4,753	4,225	3,697	3,169	2,641	2,113	1,584
	0	0	0	0	0	0	0	0	0
	25,831	23,483	21,135	18,786	16,438	14,090	11,741	9,393	7,045
	(754,114)	(685,558)	(617,002)	(548,446)	(479,891)	(411,335)	(342,779)	(274,223)	(205,667)
<b>Total Non-Securitized Rate Base Average Year</b>	<b>(788,392)</b>	<b>(719,836)</b>	<b>(651,280)</b>	<b>(582,724)</b>	<b>(514,169)</b>	<b>(445,613)</b>	<b>(377,057)</b>	<b>(308,501)</b>	<b>(239,945)</b>
<b>Non-Securitized Grossed Up Rate of Return</b>	<b>9.03%</b>	<b>9.03%</b>	<b>9.03%</b>	<b>9.03%</b>	<b>9.03%</b>	<b>9.03%</b>	<b>9.03%</b>	<b>9.03%</b>	<b>9.03%</b>
<b>Non-Securitized Return on Non-Securitized Rate Base Average Year</b>	<b>(71,160)</b>	<b>(64,972)</b>	<b>(58,785)</b>	<b>(52,597)</b>	<b>(46,409)</b>	<b>(40,221)</b>	<b>(34,033)</b>	<b>(27,845)</b>	<b>(21,657)</b>

**Total Securitized and Non-Securitized**

<b>Total Securitized + Non-Securitized Return on Total Rate Base Average Year</b>	<b>(9,434)</b>	<b>(8,614)</b>	<b>(7,793)</b>	<b>(6,973)</b>	<b>(6,153)</b>	<b>(5,332)</b>	<b>(4,512)</b>	<b>(3,692)</b>	<b>(2,871)</b>
<b>Amortization Expense - NND Regulatory Asset</b>	<b>134,187</b>	<b>134,187</b>	<b>134,187</b>	<b>134,187</b>	<b>134,187</b>	<b>134,187</b>	<b>134,187</b>	<b>134,187</b>	<b>134,187</b>
<b>Amortization Expense - Toshiba Proceeds Regulatory Liability</b>	<b>(53,026)</b>	<b>(53,026)</b>	<b>(53,026)</b>	<b>(53,026)</b>	<b>(53,026)</b>	<b>(53,026)</b>	<b>(53,026)</b>	<b>(53,026)</b>	<b>(53,026)</b>
<b>Amortization Expense - Return on Toshiba Proceeds Regulatory Liability</b>	<b>(5,307)</b>	<b>(5,307)</b>	<b>(5,307)</b>	<b>(5,307)</b>	<b>(5,307)</b>	<b>(5,307)</b>	<b>(5,307)</b>	<b>(5,307)</b>	<b>(5,307)</b>
<b>Amortization Expense - Refund of Revised Rates on Disallowed Costs Reg Liability</b>	<b>(19,599)</b>	<b>(19,599)</b>	<b>(19,599)</b>	<b>(19,599)</b>	<b>(19,599)</b>	<b>(19,599)</b>	<b>(19,599)</b>	<b>(19,599)</b>	<b>(19,599)</b>

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Transfers to Unit 1 and Trans. (Total Company)	(\$74,130)
Toshiba Proceeds Offset to NND Costs (Total Company)	(\$1,095,230)
NOL ADIT on Allowed NND Costs @ 21% (Total Company)	\$0
Excess NOL ADIT on Allowed NND Costs (Total Company)	\$48,504
Prior Combined Federal and State Income Tax Rate %	38.25%
Present Combined Federal and State Income Tax Rate %	24.95%
Amort Period (Years) for Allowed NND Costs, Reg Liab, Liab ADIT, Excess NOL ADIT	20
Amortization Period (Years) for NOL ADIT @ 21%	10
Amortization Start Year	2019
Equity Capitalization %	52.81%
Equity Return %	9.10%
Debt Capitalization %	47.19%
Debt Return %	5.56%
Securitization Debt Return %	4.00%
Prior Gross-Up Factor	1.6194
Present Gross-Up Factor	1.3324
SC Retail Allocation Factor	96.83%

**South Carolina Retail**

Amortization Expense - Refund of Return on Refund of Revised Rates Reg Liability  
Amortization Expense - Excess NOL ADIT (Grossed-Up to Revenue Equiv)  
Amortization Expense - Excess Liability ADIT (Grossed-Up to Revenue Equiv)

	2027	2028	2029	2030	2031	2032	2033	2034	2035
	(1,863)	(1,863)	(1,863)	(1,863)	(1,863)	(1,863)	(1,863)	(1,863)	(1,863)
	3,129	3,129	3,129	3,129	3,129	3,129	3,129	3,129	3,129
	(12,059)	(12,059)	(12,059)	(12,059)	(12,059)	(12,059)	(12,059)	(12,059)	(12,059)
Total Amortization Expense	45,463	45,463	45,463	45,463	45,463	45,463	45,463	45,463	45,463
Return Of + Total Securitized + Non-Securitized Return On Revenue Requirement	36,028	36,849	37,669	38,490	39,310	40,130	40,951	41,771	42,591
NPV of Revenue Requirement	16,553	15,528	14,560	13,645	12,782	11,969	11,202	10,481	9,802
Levelized Revenue Requirement	35,256	35,256	35,256	35,256	35,256	35,256	35,256	35,256	35,256
NPV of Revenue Requirement - Check	16,198	14,857	13,627	12,499	11,464	10,515	9,644	8,846	8,114



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<b>South Carolina Retail</b>				
<b>Securitization</b>				
Regulatory Asset for NND Costs	2,683,746	2,683,746	2,683,746	
Less: Accumulated Amortization of NND Costs	(2,415,371)	(2,549,559)	(2,683,746)	
Total Securitized Rate Base End of Year	268,375	134,187	0	
Total Securitized Rate Base Average Year	335,468	201,281	67,094	
Securitized Debt Return on Securitized Rate Base Average Year	13,419	8,051	2,684	1,073,498
<b>Non-Securitization</b>				
Regulatory Asset for NND Costs	0	0	0	0
Less: ADIT on NND Costs	(102,953)	(51,327)	(0)	(0)
Add: ADIT on Sale of Right to Receive	61,592	30,796	0	0
Regulatory Liability for Toshiba Proceeds	(1,060,511)	(1,060,511)	(1,060,511)	
Add: Accumulated Amortization of Reg Liab for Return of Toshiba Proceeds	954,460	1,007,486	1,060,511	
Add: ADIT on Reg Liab for Return of Toshiba Proceeds	40,565	20,282	0	
Regulatory Liability for Return on Toshiba Proceeds	(\$106,140)	(\$106,140)	(\$106,140)	
Add: Accumulated Amortization of Reg Liab for Return on Toshiba Proceeds	95,526	100,833	106,140	
Add: ADIT on Reg Liab for Return on Toshiba Proceeds	4,060	2,030	0	
Regulatory Liability for Refund of Revised Rates on Disallowed NND Costs	(\$391,980)	(\$391,980)	(\$391,980)	
Add: Accumulated Amortization of Reg Liab for Refund of Rev Rates	352,782	181,376	391,980	

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Prior Gross-Up Factor	1.6194			
Present Gross-Up Factor	1.3324			
SC Retail Allocation Factor	96.83%			
<b>South Carolina Retail</b>				
Add: ADIT on Reg Liab for Refund of Rev Rates	13,162	6,581	0	
<b>Regulatory Liability for Return on Refund of Revised Rates</b>	<b>(\$37,264)</b>	<b>(\$37,264)</b>	<b>(\$37,264)</b>	
Add: Accumulated Amortization of Reg Liab for Ret on Ref of Rev Rates	33,537	35,400	37,264	
Add: ADIT on Reg Liab for Ret on Refund of Rev Rates	1,056	528	(0)	
<b>NOL ADIT @ 21%</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Excess NOL ADIT	4,697	2,348	0	
<b>Total Non-Securitized Rate Base End of Year</b>	<b>(137,112)</b>	<b>(68,556)</b>	<b>0</b>	
<b>Total Non-Securitized Rate Base Average Year</b>	<b>(171,390)</b>	<b>(102,834)</b>	<b>(34,278)</b>	
<b>Non-Securitized Grossed Up Rate of Return</b>	<b>9.03%</b>	<b>9.03%</b>	<b>9.03%</b>	
<b>Non-Securitized Return on Non-Securitized Rate Base Average Year</b>	<b>(15,470)</b>	<b>(9,282)</b>	<b>(3,094)</b>	<b>(1,235,149)</b>

**Total Securitized and Non-Securitized**

Total Securitized + Non-Securitized Return on Total Rate Base Average Year

(2,051) (1,231) (410)

Amortization Expense - NND Regulatory Asset  
Amortization Expense - Toshiba Proceeds Regulatory Liability  
Amortization Expense - Return on Toshiba Proceeds Regulatory Liability  
Amortization Expense - Refund of Revised Rates on Disallowed Costs Reg Liability

134,187 134,187 134,187  
(53,026) (53,026) (53,026)  
(5,307) (5,307) (5,307)  
(1) (1) (1)

**SOUTH CAROLINA ELECTRIC & GAS COMPANY**  
**LEVELIZED RECOVERY OF ALLOWED NEW NUCLEAR DEVELOPMENT COSTS**  
**LESS RELATED REGULATORY LIABILITIES**  
**ORS RECOMMENDATIONS**  
**(\$ THOUSAND)**

Allowed NND Costs Before Transfers, Sales and Other Reductions (Total Company)	\$2,865,680			
ORS CWIP Adjustments (not including transfers) (Total Company)	(\$19,944)			
Transfers to Unit 1 and Trans. (Total Company)	(\$74,130)			
Toshiba Proceeds Offset to NND Costs (Total Company)	(\$1,095,230)			
NOL ADIT on Allowed NND Costs @ 21% (Total Company)	\$0			
Excess NOL ADIT on Allowed NND Costs (Total Company)	\$48,504			
Prior Combined Federal and State Income Tax Rate %	38.25%			
Present Combined Federal and State Income Tax Rate %	24.95%			
Amort Period (Years) for Allowed NND Costs, Reg Liab, Liab ADIT, Excess NOL ADIT	20			
Amortization Period (Years) for NOL ADIT @ 21%	10			
Amortization Start Year	2019			
Equity Capitalization %	52.81%			
Equity Return %	9.10%			
Debt Capitalization %	47.19%			
Debt Return %	5.56%			
Securitization Debt Return %	4.00%			
Prior Gross-Up Factor	1.6194			
Present Gross-Up Factor	1.3324			
SC Retail Allocation Factor	96.83%			
<b>South Carolina Retail</b>				
Amortization Expense - Refund of Return on Refund of Revised Rates Reg Liability	(1,863)	(1,863)	(1,863)	
Amortization Expense - Excess NOL ADIT (Grossed-Up to Revenue Equiv)	3,129	3,129	3,129	
Amortization Expense - Excess Liability ADIT (Grossed-Up to Revenue Equiv)	(12,059)	(12,059)	(12,059)	
Total Amortization Expense	45,463	45,463	45,463	909,253
Return Of + Total Securitized + Non-Securitized Return On Revenue Requirement	43,412	44,232	45,052	747,602
NPV of Revenue Requirement	9,164	8,564	8,000	321,236
Levelized Revenue Requirement	35,256	35,256	35,256	705,110
NPV of Revenue Requirement - Check	42	9	6,261	321,236

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
DOMINION/SCE&G NO MERGER CUSTOMER BENEFITS PLAN CALCULATED BY ORS  
(\$ THOUSAND)**

**ORS EXHIBIT LK-20  
Page 1 of 12**

Allowed NND Costs at Dec 31, 2017 (Total Company) (\$000)	\$4,241,100	Source: resp to ORS 3-23; resp to ORS 1-126 (\$4,731.1 - \$490.0)
Transfers to Unit 1 and Transmission (Total Company)	(\$85,602)	Exhibit ____ (KRK-1)
Toshiba Proceeds Offset to NND Costs (Total Company)	(\$1,095,230)	Source: resp to ORS 1-126
Estimated Contractor Lien Payments	\$85,230	Source: resp to ORS 1-126
NOL ADIT @ 21% (Total Company)	\$519,989	Source: resp to ORS 1-116 as corrected by ORS (see NOL ADIT tab)
Excess NOL ADIT (Total Company)	\$304,423	
Prior Combined Federal and State Income Tax Rate %	38.25%	
Present Combined Federal and State Income Tax Rate %	24.95%	
Amortization Period (Years) for Allowed NND Costs	50	
Amortization Period (Years) for NOL ADIT	10	Note: estimate; actual amortization based on taxable income of SCE&G, SCANA, and/or Dominion
Amortization Start Year	2019	
Equity Capitalization %	52.81%	
Equity Return %	10.25%	
Debt Capitalization %	47.19%	
Debt Return %	5.85%	
Prior Gross-Up Factor	1.6194	
Present Gross-Up Factor	1.3396	
SC Retail Allocation Factor	96.83%	

**South Carolina Retail**

	2018	2019	2020	2021	2022	2023	2024	2025
<b>Regulatory Asset for NND Costs</b>	4,023,769	4,023,769	4,023,769	4,023,769	4,023,769	4,023,769	4,023,769	4,023,769
Less: Accumulated Amortization of NND Costs	0	(80,475)	(160,951)	(241,426)	(321,901)	(402,377)	(482,852)	(563,328)
Less: ADIT on NND Costs	(1,539,092)	(1,508,310)	(1,477,528)	(1,446,746)	(1,415,964)	(1,385,182)	(1,354,401)	(1,323,619)
<b>Regulatory Liability for Toshiba Proceeds Net of Estimated Contractor Lien Payments</b>	(1,010,000)	(1,010,000)	(1,010,000)	(1,010,000)	(1,010,000)	(1,010,000)	(1,010,000)	(1,010,000)
Add: Accumulated Amortization of Reg Liab for Return of Toshiba Proceeds	386,325	378,599	370,872	363,146	355,419	347,693	339,966	332,240
Add: ADIT on Reg Liab for Return of Toshiba Proceeds	503,505	493,435	483,365	473,295	463,225	453,155	443,085	433,015
<b>NOL ADIT @ 21%</b>	294,773	265,295	235,818	206,341	176,864	147,386	117,909	88,432
<b>Excess NOL ADIT</b>								
<b>Total Rate Base End of Year</b>	2,659,280	2,582,513	2,505,745	2,428,978	2,352,211	2,275,443	2,198,676	2,121,908
<b>Total Rate Base Average Year</b>	2,620,897	2,544,129	2,467,362	2,467,362	2,390,594	2,313,827	2,237,059	2,160,292
<b>Grossed Up Rate of Return</b>	10.01%	10.01%	10.01%	10.01%	10.01%	10.01%	10.01%	10.01%
<b>Return on Total Rate Base Average Year</b>	262,402	254,716	247,030	247,030	239,344	231,658	223,972	216,286
<b>Amortization Expense - NND Regulatory Asset</b>	80,475	80,475	80,475	80,475	80,475	80,475	80,475	80,475
<b>Amortization Expense - Regulatory Liability for Toshiba Proceeds Net of Contractor Liens</b>	(20,200)	(20,200)	(20,200)	(20,200)	(20,200)	(20,200)	(20,200)	(20,200)
<b>Amortization Expense - Excess NOL ADIT (Grossed-Up to Revenue Equiv)</b>	39,488	39,488	39,488	39,488	39,488	39,488	39,488	39,488
<b>Amortization Expense - Excess ADIT, excl NOL ADIT (Grossed-Up to Revenue Equiv)</b>	(10,739)	(10,739)	(10,739)	(10,739)	(10,739)	(10,739)	(10,739)	(10,739)
<b>Total Amortization Expense</b>	89,024	89,024	89,024	89,024	89,024	89,024	89,024	89,024
<b>Return Of and On Revenue Requirement</b>	351,426	343,740	336,054	336,054	328,368	320,682	312,996	305,310
<b>Applicants' Rate Proposal (\$413 Million Rev Rates Less \$83 Million Temporary Reduct)</b>	330,000	330,000	330,000	336,054	328,368	320,682	312,996	305,310
<b>NPV of Revenue Requirement</b>	299,968	272,668	252,400	224,183	199,011	176,564	156,554	

[illegible]

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
DOMINION/SCE&G NO MERGER CUSTOMER BENEFITS PLAN CALCULATED BY ORS  
(\$ THOUSAND)**

**ORS EXHIBIT LK-20  
Page 3 of 12**

Allowed NND Costs at Dec 31, 2017 (Total Company) (\$000)	\$4,241,100
Transfers to Unit 1 and Transmission (Total Company)	(\$85,602)
Toshiba Proceeds Offset to NND Costs (Total Company)	(\$1,095,230)
Estimated Contractor Lien Payments	\$85,230
NOL ADIT @ 21% (Total Company)	\$519,989
Excess NOL ADIT (Total Company)	\$304,423
Prior Combined Federal and State Income Tax Rate %	38.25%
Present Combined Federal and State Income Tax Rate %	24.95%
Amortization Period (Years) for Allowed NND Costs	50
Amortization Period (Years) for NOL ADIT	10
Amortization Start Year	2019
Equity Capitalization %	52.81%
Equity Return %	10.25%
Debt Capitalization %	47.19%
Debt Return %	5.85%
Prior Gross-Up Factor	1.6194
Present Gross-Up Factor	1.3396
SC Retail Allocation Factor	96.83%

	2026	2027	2028	2029	2030	2031	2032	2033	2034
South Carolina Retail									
<b>Regulatory Asset for NND Costs</b>	4,023,769	4,023,769	4,023,769	4,023,769	4,023,769	4,023,769	4,023,769	4,023,769	4,023,769
Less: Accumulated Amortization of NND Costs	(643,803)	(724,278)	(804,754)	(885,229)	(965,704)	(1,046,180)	(1,126,655)	(1,207,131)	(1,287,606)
Less: ADIT on NND Costs	(1,292,837)	(1,262,055)	(1,231,273)	(1,200,491)	(1,169,710)	(1,138,928)	(1,108,146)	(1,077,364)	(1,046,582)
<b>Regulatory Liability for Toshiba Proceeds Net of Estimated Contractor Lien Payments</b>	(1,010,000)	(1,010,000)	(1,010,000)	(1,010,000)	(1,010,000)	(1,010,000)	(1,010,000)	(1,010,000)	(1,010,000)
Add: Accumulated Amortization of Reg Liab for Return of Toshiba Proceeds	161,600	181,800	202,000	222,200	242,400	262,600	282,800	303,000	323,200
Add: ADIT on Reg Liab for Return of Toshiba Proceeds	324,513	316,787	309,060	301,334	293,607	285,881	278,154	270,428	262,701
<b>NOL ADIT @ 21%</b>	422,944	412,874	402,804	392,734	382,664	372,594	362,524	352,454	342,384
<b>Excess NOL ADIT</b>	58,955	29,477	0	0	0	0	0	0	0
<b>Total Rate Base End of Year</b>	2,045,141	1,968,373	1,891,606	1,844,316	1,797,026	1,749,736	1,702,445	1,655,155	1,607,865
<b>Total Rate Base Average Year</b>	2,083,525	2,006,757	1,929,990	1,867,961	1,820,671	1,773,381	1,726,090	1,678,800	1,631,510
<b>Grossed Up Rate of Return</b>	10.01%	10.01%	10.01%	10.01%	10.01%	10.01%	10.01%	10.01%	10.01%
<b>Return on Total Rate Base Average Year</b>	208,600	200,915	193,229	187,018	182,284	177,549	172,815	168,080	163,345
<b>Amortization Expense - NND Regulatory Asset</b>	80,475	80,475	80,475	80,475	80,475	80,475	80,475	80,475	80,475
<b>Amortization Expense - Regulatory Liability for Toshiba Proceeds Net of Contractor Liens</b>	(20,200)	(20,200)	(20,200)	(20,200)	(20,200)	(20,200)	(20,200)	(20,200)	(20,200)
<b>Amortization Expense - Excess NOL ADIT (Grossed-Up to Revenue Equiv)</b>	39,488	39,488	39,488						
<b>Amortization Expense - Excess ADIT, excl NOL ADIT (Grossed-Up to Revenue Equiv)</b>	(10,739)	(10,739)	(10,739)	(10,739)	(10,739)	(10,739)	(10,739)	(10,739)	(10,739)
<b>Total Amortization Expense</b>	89,024	89,024	89,024	49,536	49,536	49,536	49,536	49,536	49,536
<b>Return Of and On Revenue Requirement</b>	297,625	289,939	282,253	236,555	231,820	227,086	222,351	217,616	212,882
<b>Applicants' Rate Proposal (\$413 Million Rev Rates Less \$83 Million Temporary Reduct)</b>	297,625	289,939	282,253	236,555	231,820	227,086	222,351	217,616	212,882
<b>NPV of Revenue Requirement</b>	138,724	122,843	108,703	82,812	73,769	65,686	58,463	52,011	46,249

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
DOMINION/SCE&G NO MERGER CUSTOMER BENEFITS PLAN CALCULATED BY ORS  
(\$ THOUSAND)**

Allowed NND Costs at Dec 31, 2017 (Total Company) (\$000)	\$4,241,100	2026	2027	2028	2029	2030	2031	2032	2033	2034
Transfers to Unit 1 and Transmission (Total Company)	(\$85,602)	270,578	270,578	270,578	270,578	270,578	270,578	270,578	270,578	270,578
Toshiba Proceeds Offset to NND Costs (Total Company)	(\$1,095,230)	270,578	270,578	270,578	270,578	270,578	270,578	270,578	270,578	270,578
Estimated Contractor Lien Payments	\$85,230	126,118	114,640	104,207	94,723	86,103	78,267	71,144	64,669	58,784
NOL ADIT @ 21% (Total Company)	\$519,989									
Excess NOL ADIT (Total Company)	\$304,423									
Prior Combined Federal and State Income Tax Rate %	38.25%									
Present Combined Federal and State Income Tax Rate %	24.95%									
Amortization Period (Years) for Allowed NND Costs	50									
Amortization Period (Years) for NOL ADIT	10									
Amortization Start Year	2019									
Equity Capitalization %	52.81%									
Equity Return %	10.25%									
Debt Capitalization %	47.19%									
Debt Return %	5.85%									
Prior Gross-Up Factor	1.6194									
Present Gross-Up Factor	1.3396									
SC Retail Allocation Factor	96.83%									
South Carolina Retail										
Levelized Revenue Requirement		270,578	270,578	270,578	270,578	270,578	270,578	270,578	270,578	270,578
NPV of Revenue Requirement - Check		126,118	114,640	104,207	94,723	86,103	78,267	71,144	64,669	58,784

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
DOMINION/SCE&G NO MERGER CUSTOMER BENEFITS PLAN CALCULATED BY ORS  
(\$ THOUSAND)**

Allowed NND Costs at Dec 31, 2017 (Total Company) (\$000)	\$4,241,100
Transfers to Unit 1 and Transmission (Total Company)	(\$85,602)
Toshiba Proceeds Offset to NND Costs (Total Company)	(\$1,095,230)
Estimated Contractor Lien Payments	\$85,230
NOL ADIT @ 21% (Total Company)	\$519,989
Excess NOL ADIT (Total Company)	\$304,423
Prior Combined Federal and State Income Tax Rate %	38.25%
Present Combined Federal and State Income Tax Rate %	24.95%
Amortization Period (Years) for Allowed NND Costs	50
Amortization Period (Years) for NOL ADIT	10
Amortization Start Year	2019
Equity Capitalization %	52.81%
Equity Return %	10.25%
Debt Capitalization %	47.19%
Debt Return %	5.85%
Prior Gross-Up Factor	1.6194
Present Gross-Up Factor	1.3396
SC Retail Allocation Factor	96.83%

**South Carolina Retail**

	2035	2036	2037	2038	2039	2040	2041	2042	2043
<b>Regulatory Asset for NND Costs</b>	4,023,769	4,023,769	4,023,769	4,023,769	4,023,769	4,023,769	4,023,769	4,023,769	4,023,769
Less: Accumulated Amortization of NND Costs	(1,368,081)	(1,448,557)	(1,529,032)	(1,609,507)	(1,689,983)	(1,770,458)	(1,850,934)	(1,931,409)	(2,011,884)
Less: ADIT on NND Costs	(1,015,800)	(985,019)	(954,237)	(923,455)	(892,673)	(861,891)	(831,109)	(800,328)	(769,546)
<b>Regulatory Liability for Toshiba Proceeds Net of Estimated Contractor Lien Payments</b>	(1,010,000)	(1,010,000)	(1,010,000)	(1,010,000)	(1,010,000)	(1,010,000)	(1,010,000)	(1,010,000)	(1,010,000)
Add: Accumulated Amortization of Reg Liab for Return of Toshiba Proceeds	343,400	363,600	383,800	404,000	424,200	444,400	464,600	484,800	505,000
Add: ADIT on Reg Liab for Return of Toshiba Proceeds	254,975	247,248	239,522	231,795	224,069	216,342	208,616	200,889	193,163
<b>NOL ADIT @ 21%</b>	332,314	322,243	312,173	302,103	292,033	281,963	271,893	261,823	251,753
<b>Excess NOL ADIT</b>	0	0	0	0	0	0	0	0	0
<b>Total Rate Base End of Year</b>	1,560,575	1,513,285	1,465,995	1,418,705	1,371,414	1,324,124	1,276,834	1,229,544	1,182,254
<b>Total Rate Base Average Year</b>	1,584,220	1,536,930	1,489,640	1,442,350	1,395,059	1,347,769	1,300,479	1,253,189	1,205,899
<b>Grossed Up Rate of Return</b>	10.01%	10.01%	10.01%	10.01%	10.01%	10.01%	10.01%	10.01%	10.01%
<b>Return on Total Rate Base Average Year</b>	158,611	153,876	149,141	144,407	139,672	134,937	130,203	125,468	120,733
<b>Amortization Expense - NND Regulatory Asset</b>	80,475	80,475	80,475	80,475	80,475	80,475	80,475	80,475	80,475
<b>Amortization Expense - Regulatory Liability for Toshiba Proceeds Net of Contractor Liens</b>	(20,200)	(20,200)	(20,200)	(20,200)	(20,200)	(20,200)	(20,200)	(20,200)	(20,200)
<b>Amortization Expense - Excess NOL ADIT (Grossed-Up to Revenue Equiv)</b>	(10,739)	(10,739)	(10,739)	(10,739)	(10,739)	(10,739)	(10,739)	(10,739)	(10,739)
<b>Total Amortization Expense</b>	49,536	49,536	49,536	49,536	49,536	49,536	49,536	49,536	49,536
<b>Return Of and On Revenue Requirement</b>	208,147	203,412	198,678	193,943	189,208	184,474	179,739	175,004	170,270
<b>Applicants' Rate Proposal (\$413 Million Rev Rates Less \$83 Million Temporary Reduct)</b>	208,147	203,412	198,678	193,943	189,208	184,474	179,739	175,004	170,270



**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
DOMINION/SCE&G NO MERGER CUSTOMER BENEFITS PLAN CALCULATED BY ORS  
(\$ THOUSAND)**

Allowed NND Costs at Dec 31, 2017 (Total Company) (\$000)	\$4,241,100	2035	2036	2037	2038	2039	2040	2041	2042	2043
Transfers to Unit 1 and Transmission (Total Company)	(\$85,602)									
Toshiba Proceeds Offset to NND Costs (Total Company)	(\$1,095,230)									
Estimated Contractor Lien Payments	\$85,230									
NOL ADIT @ 21% (Total Company)	\$519,989									
Excess NOL ADIT (Total Company)	\$304,423									
Prior Combined Federal and State Income Tax Rate %	38.25%									
Present Combined Federal and State Income Tax Rate %	24.95%									
Amortization Period (Years) for Allowed NND Costs	50									
Amortization Period (Years) for NOL ADIT	10									
Amortization Start Year	2019									
Equity Capitalization %	52.81%									
Equity Return %	10.25%									
Debt Capitalization %	47.19%									
Debt Return %	5.85%									
Prior Gross-Up Factor	1.6194									
Present Gross-Up Factor	1.3396									
SC Retail Allocation Factor	96.83%									
South Carolina Retail										
Levelized Revenue Requirement		270,578	270,578	270,578	270,578	270,578	270,578	270,578	270,578	270,578
NPV of Revenue Requirement - Check		53,434	48,571	44,151	40,133	36,480	33,160	30,143	27,399	24,906

DOMINION/SCE&G NO MERGER CUSTOMER BENEFITS PLAN CALCULATED BY ORS  
(\$ THOUSAND)

Allowed NND Costs at Dec 31, 2017 (Total Company) (\$000)	\$4,241,100
Transfers to Unit 1 and Transmission (Total Company)	(\$85,602)
Toshiba Proceeds Offset to NND Costs (Total Company)	(\$1,095,230)
Estimated Contractor Lien Payments	\$85,230
NOL ADIT @ 21% (Total Company)	\$519,989
Excess NOL ADIT (Total Company)	\$304,423
Prior Combined Federal and State Income Tax Rate %	38.25%
Present Combined Federal and State Income Tax Rate %	24.95%
Amortization Period (Years) for Allowed NND Costs	50
Amortization Period (Years) for NOL ADIT	10
Amortization Start Year	2019
Equity Capitalization %	52.81%
Equity Return %	10.25%
Debt Capitalization %	47.19%
Debt Return %	5.85%
Prior Gross-Up Factor	1.6194
Present Gross-Up Factor	1.3396
SC Retail Allocation Factor	96.83%

South Carolina Retail

	2044	2045	2046	2047	2048	2049	2050	2051	2052
<b>Regulatory Asset for NND Costs</b>									
Less: Accumulated Amortization of NND Costs	4,023,769	4,023,769	4,023,769	4,023,769	4,023,769	4,023,769	4,023,769	4,023,769	4,023,769
Less: ADIT on NND Costs	(2,092,360)	(2,172,835)	(2,253,310)	(2,333,786)	(2,414,261)	(2,494,737)	(2,575,212)	(2,655,687)	(2,736,163)
<b>Regulatory Liability for Toshiba Proceeds Net of Estimated Contractor Lien Payments</b>									
Add: Accumulated Amortization of Reg Liab for Return of Toshiba Proceeds	(738,764)	(707,982)	(677,200)	(646,418)	(615,637)	(584,855)	(554,073)	(523,291)	(492,509)
Add: ADIT on Reg Liab for Return of Toshiba Proceeds	(1,010,000)	(1,010,000)	(1,010,000)	(1,010,000)	(1,010,000)	(1,010,000)	(1,010,000)	(1,010,000)	(1,010,000)
<b>NOL ADIT @ 21%</b>	525,200	545,400	565,600	585,800	606,000	626,200	646,400	666,600	686,800
<b>Excess NOL ADIT</b>	185,436	177,710	169,983	162,257	154,530	146,804	139,077	131,351	123,624
	241,683	231,612	221,542	211,472	201,402	191,332	181,262	171,192	161,122
	0	0	0	0	0	0	0	0	0
<b>Total Rate Base End of Year</b>	1,134,964	1,087,673	1,040,383	993,093	945,803	898,513	851,223	803,933	756,642
<b>Total Rate Base Average Year</b>	1,158,609	1,111,319	1,064,028	1,016,738	969,448	922,158	874,868	827,578	780,287
<b>Grossed Up Rate of Return</b>	10.01%	10.01%	10.01%	10.01%	10.01%	10.01%	10.01%	10.01%	10.01%
<b>Return on Total Rate Base Average Year</b>	115,999	111,264	106,529	101,795	97,060	92,326	87,591	82,856	78,122
<b>Amortization Expense - NND Regulatory Asset</b>									
Amortization Expense - Regulatory Liability for Toshiba Proceeds Net of Contractor Liens	80,475	80,475	80,475	80,475	80,475	80,475	80,475	80,475	80,475
Amortization Expense - Excess NOL ADIT (Grossed-Up to Revenue Equiv)	(20,200)	(20,200)	(20,200)	(20,200)	(20,200)	(20,200)	(20,200)	(20,200)	(20,200)
Amortization Expense - Excess ADIT, excl NOL ADIT (Grossed-Up to Revenue Equiv)	(10,739)	(10,739)	(10,739)	(10,739)	(10,739)	(10,739)	(10,739)	(10,739)	(10,739)
<b>Total Amortization Expense</b>	49,536	49,536	49,536	49,536	49,536	49,536	49,536	49,536	49,536
<b>Return Of and On Revenue Requirement</b>	165,535	160,801	156,066	151,331	146,597	141,862	137,127	132,393	127,658
<b>Applicants' Rate Proposal (\$413 Million Rev Rates Less \$83 Million Temporary Reduct)</b>	165,535	160,801	156,066	151,331	146,597	141,862	137,127	132,393	127,658
<b>NPV of Revenue Requirement</b>	13,850	12,230	10,789	9,510	8,374	7,366	6,472	5,680	4,979

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
DOMINION/SCE&G NO MERGER CUSTOMER BENEFITS PLAN CALCULATED BY ORS  
(\$ THOUSAND)**

Allowed NND Costs at Dec 31, 2017 (Total Company) (\$000)	\$4,241,100	2044	2045	2046	2047	2048	2049	2050	2051	2052
Transfers to Unit 1 and Transmission (Total Company)	(\$85,602)									
Toshiba Proceeds Offset to NND Costs (Total Company)	(\$1,095,230)									
Estimated Contractor Lien Payments	\$85,230									
NOL ADIT @ 21% (Total Company)	\$519,989									
Excess NOL ADIT (Total Company)	\$304,423									
Prior Combined Federal and State Income Tax Rate %	38.25%									
Present Combined Federal and State Income Tax Rate %	24.95%									
Amortization Period (Years) for Allowed NND Costs	50									
Amortization Period (Years) for NOL ADIT	10									
Amortization Start Year	2019									
Equity Capitalization %	52.81%									
Equity Return %	10.25%									
Debt Capitalization %	47.19%									
Debt Return %	5.85%									
Prior Gross-Up Factor	1.6194									
Present Gross-Up Factor	1.3396									
SC Retail Allocation Factor	96.83%									
South Carolina Retail		2044	2045	2046	2047	2048	2049	2050	2051	2052
Levelized Revenue Requirement		270,578	270,578	270,578	270,578	270,578	270,578	270,578	270,578	270,578
NPV of Revenue Requirement - Check		22,639	20,579	18,706	17,004	15,456	14,050	12,771	11,609	10,552

DOMINION/SCE&G NO MERGER CUSTOMER BENEFITS PLAN CALCULATED BY ORS  
(\$ THOUSAND)

Allowed NND Costs at Dec 31, 2017 (Total Company) (\$000)	\$4,241,100
Transfers to Unit 1 and Transmission (Total Company)	(\$85,602)
Toshiba Proceeds Offset to NND Costs (Total Company)	(\$1,095,230)
Estimated Contractor Lien Payments	\$85,230
NOL ADIT @ 21% (Total Company)	\$519,989
Excess NOL ADIT (Total Company)	\$304,423
Prior Combined Federal and State Income Tax Rate %	38.25%
Present Combined Federal and State Income Tax Rate %	24.95%
Amortization Period (Years) for Allowed NND Costs	50
Amortization Period (Years) for NOL ADIT	10
Amortization Start Year	2019
Equity Capitalization %	52.81%
Equity Return %	10.25%
Debt Capitalization %	47.19%
Debt Return %	5.85%
Prior Gross-Up Factor	1.6194
Present Gross-Up Factor	1.3396
SC Retail Allocation Factor	96.83%

South Carolina Retail

	2053	2054	2055	2056	2057	2058	2059	2060	2061
<b>Regulatory Asset for NND Costs</b>	4,023,769	4,023,769	4,023,769	4,023,769	4,023,769	4,023,769	4,023,769	4,023,769	4,023,769
Less: Accumulated Amortization of NND Costs	(2,816,638)	(2,897,113)	(2,977,589)	(3,058,064)	(3,138,540)	(3,219,015)	(3,299,490)	(3,379,966)	(3,460,441)
Less: ADIT on NND Costs	(461,727)	(430,946)	(400,164)	(369,382)	(338,600)	(307,818)	(277,036)	(246,255)	(215,473)
<b>Regulatory Liability for Toshiba Proceeds Net of Estimated Contractor Lien Payments</b>	(1,010,000)	(1,010,000)	(1,010,000)	(1,010,000)	(1,010,000)	(1,010,000)	(1,010,000)	(1,010,000)	(1,010,000)
Add: Accumulated Amortization of Reg Liab for Return of Toshiba Proceeds	707,000	727,200	747,400	767,600	787,800	808,000	828,200	848,400	868,600
Add: ADIT on Reg Liab for Return of Toshiba Proceeds	115,898	108,171	100,445	92,718	84,991	77,265	69,538	61,812	54,085
<b>NOL ADIT @ 21%</b>	151,052	140,981	130,911	120,841	110,771	100,701	90,631	80,561	70,491
<b>Excess NOL ADIT</b>	0	0	0	0	0	0	0	0	0
<b>Total Rate Base End of Year</b>	709,352	662,062	614,772	567,482	520,192	472,902	425,611	378,321	331,031
<b>Total Rate Base Average Year</b>	732,997	685,707	638,417	591,127	543,837	496,547	449,256	401,966	354,676
<b>Grossed Up Rate of Return</b>	10.01%	10.01%	10.01%	10.01%	10.01%	10.01%	10.01%	10.01%	10.01%
<b>Return on Total Rate Base Average Year</b>	73,387	68,652	63,918	59,183	54,448	49,714	44,979	40,244	35,510
<b>Amortization Expense - NND Regulatory Asset</b>	80,475	80,475	80,475	80,475	80,475	80,475	80,475	80,475	80,475
<b>Amortization Expense - Regulatory Liability for Toshiba Proceeds Net of Contractor Liens</b>	(20,200)	(20,200)	(20,200)	(20,200)	(20,200)	(20,200)	(20,200)	(20,200)	(20,200)
<b>Amortization Expense - Excess NOL ADIT (Grossed-Up to Revenue Equiv)</b>	(10,739)	(10,739)	(10,739)	(10,739)	(10,739)	(10,739)	(10,739)	(10,739)	(10,739)
<b>Amortization Expense - Excess ADIT, excl NOL ADIT (Grossed-Up to Revenue Equiv)</b>	49,536	49,536	49,536	49,536	49,536	49,536	49,536	49,536	49,536
<b>Total Amortization Expense</b>	122,923	118,189	113,454	108,719	103,985	99,250	94,515	89,781	85,046
<b>Return Of and On Revenue Requirement</b>	122,923	118,189	113,454	108,719	103,985	99,250	94,515	89,781	85,046
<b>Applicants' Rate Proposal (\$413 Million Rev Rates Less \$83 Million Temporary Reduct)</b>	122,923	118,189	113,454	108,719	103,985	99,250	94,515	89,781	85,046
<b>NPV of Revenue Requirement</b>	4,358	3,808	3,323	2,895	2,517	2,183	1,890	1,632	1,405

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
DOMINION/SCE&G NO MERGER CUSTOMER BENEFITS PLAN CALCULATED BY ORS  
(\$ THOUSAND)**

Allowed NND Costs at Dec 31, 2017 (Total Company) (\$000)	\$4,241,100	2053	2054	2055	2056	2057	2058	2059	2060	2061
Transfers to Unit 1 and Transmission (Total Company)	(\$85,602)									
Toshiba Proceeds Offset to NND Costs (Total Company)	(\$1,095,230)									
Estimated Contractor Lien Payments	\$85,230									
NOL ADIT @ 21% (Total Company)	\$519,989									
Excess NOL ADIT (Total Company)	\$304,423									
Prior Combined Federal and State Income Tax Rate %	38.25%									
Present Combined Federal and State Income Tax Rate %	24.95%									
Amortization Period (Years) for Allowed NND Costs	50									
Amortization Period (Years) for NOL ADIT	10									
Amortization Start Year	2019									
Equity Capitalization %	52.81%									
Equity Return %	10.25%									
Debt Capitalization %	47.19%									
Debt Return %	5.85%									
Prior Gross-Up Factor	1.6194									
Present Gross-Up Factor	1.3396									
SC Retail Allocation Factor	96.83%									
South Carolina Retail										
Levelized Revenue Requirement		270,578	270,578	270,578	270,578	270,578	270,578	270,578	270,578	270,578
NPV of Revenue Requirement - Check		9,592	8,719	7,925	7,204	6,549	5,953	5,411	4,918	4,471



**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
DOMINION/SCE&G NO MERGER CUSTOMER BENEFITS PLAN CALCULATED BY ORS  
(\$ THOUSAND)**

Allowed NND Costs at Dec 31, 2017 (Total Company) (\$000)	\$4,241,100
Transfers to Unit 1 and Transmission (Total Company)	(\$85,602)
Toshiba Proceeds Offset to NND Costs (Total Company)	(\$1,095,230)
Estimated Contractor Lien Payments	\$85,230
NOL ADIT @ 21% (Total Company)	\$519,989
Excess NOL ADIT (Total Company)	\$304,423
Prior Combined Federal and State Income Tax Rate %	38.25%
Present Combined Federal and State Income Tax Rate %	24.95%
Amortization Period (Years) for Allowed NND Costs	50
Amortization Period (Years) for NOL ADIT	10
Amortization Start Year	2019
Equity Capitalization %	52.81%
Equity Return %	10.25%
Debt Capitalization %	47.19%
Debt Return %	5.85%
Prior Gross-Up Factor	1.6194
Present Gross-Up Factor	1.3396
SC Retail Allocation Factor	96.83%

	2062	2063	2064	2065	2066	2067	2068	Total
Levelized Revenue Requirement	270,578	270,578	270,578	270,578	270,578	270,578	270,578	13,528,916
NPV of Revenue Requirement - Check	4,064	3,694	3,358	3,052	2,775	2,522	2,292	2,679,669

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
DOMINION/SCE&G MERGER CUSTOMER BENEFITS PLAN CALCULATED BY ORS  
(\$ THOUSAND)**

Allowed NND Costs at Dec 31, 2017 (Total Company) (\$000)	
Transfers to Unit 1 and Transmission (Total Company)	\$3,327,000 Source: resp to ORS 3-23
NOL ADIT @ 21% (Total Company)	(\$85,602) Exhibit (KRK-1)
Excess NOL ADIT (Total Company)	\$823,074 Source: resp to ORS 1-116 corrected by ORS to reflect refund to customers in 2018
Prior Combined Federal and State Income Tax Rate %	\$304,423
Present Combined Federal and State Income Tax Rate %	38.25%
Amortization Period (Years) for Allowed NND Costs	24.95%
Amortization Period (Years) for Reg Liability for Refund of Revised Rates	20
Amortization Period (Years) for NOL ADIT	8
Amortization Start Year	10 Note: estimate; actual amortization based on taxable income of SCE&G, SCANA, and/or Dominion
Equity Capitalization %	2019
Equity Return %	52.81%
Debt Capitalization %	10.25%
Debt Return %	47.19%
Prior Gross-Up Factor	5.85%
Present Gross-Up Factor	1.6194
SC Retail Allocation Factor	1.3396
	96.83%

	2018	2019	2020	2021	2022	2023	2024	2025
<b>South Carolina Retail</b>								
<b>Regulatory Asset for NND Costs</b>	3,138,646	3,138,646	3,138,646	3,138,646	3,138,646	3,138,646	3,138,646	3,138,646
Less: Accumulated Amortization of NND Costs	0	(156,932)	(313,865)	(470,797)	(627,729)	(784,661)	(941,594)	(1,098,526)
Less: ADIT on NND Costs	(1,200,532)	(1,140,505)	(1,080,479)	(1,020,452)	(960,426)	(900,399)	(840,372)	(780,346)
<b>NOL ADIT @ 21%</b>	796,983	757,134	717,284	677,435	637,586	597,737	557,888	518,039
<b>Excess NOL ADIT</b>	294,773	265,295	235,818	206,341	176,864	147,386	117,909	88,432
<b>Total Rate Base End of Year</b>	3,029,869	2,863,637	2,697,405	2,531,173	2,364,941	2,198,709	2,032,477	1,866,244
<b>Total Rate Base Average Year</b>	2,946,753	2,780,521	2,614,289	2,448,057	2,281,825	2,115,593	1,949,360	
<b>Grossed Up Rate of Return</b>	10.01%	10.01%	10.01%	10.01%	10.01%	10.01%	10.01%	10.01%
<b>Return on Total Rate Base Average Year</b>	295,026	278,383	261,740	245,097	228,454	211,811	195,168	
<b>NND Regulatory Asset Amortization Expense</b>	156,932	156,932	156,932	156,932	156,932	156,932	156,932	156,932
<b>Amortization Expense - Excess NOL ADIT (Grossed-Up to Revenue Equiv)</b>	39,488	39,488	39,488	39,488	39,488	39,488	39,488	39,488
<b>Amortization Expense - Excess ADIT, excl NOL ADIT (Grossed-Up to Revenue Equiv)</b>	(27,960)	(27,960)	(27,960)	(27,960)	(27,960)	(27,960)	(27,960)	(27,960)
<b>Total Amortization Expense</b>	168,460	168,460	168,460	168,460	168,460	168,460	168,460	168,460
<b>Refund of Revised Rates Reg Liability Amortization Expense (Estimated)</b>	(130,100)	(113,500)	(96,800)	(80,200)	(63,600)	(46,900)	(30,300)	
<b>One-Time Refund</b>	0	0	0	0	0	0	0	0
<b>Return Of and On Revenue Requirement, incl One-Time Refund</b>	(1,300,000)	333,386	333,343	333,400	333,357	333,314	333,371	333,328
<b>NPV of Revenue Requirement, incl One-Time Refund</b>	(1,300,000)	303,046	275,431	250,407	227,589	206,850	188,057	170,921



**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
DOMINION/SCE&G MERGER CUSTOMER BENEFITS PLAN CALCULATED BY ORS  
(\$ THOUSAND)**

Allowed NND Costs at Dec 31, 2017 (Total Company) (\$000)	
Transfers to Unit 1 and Transmission (Total Company)	\$3,327,000 Source: resp to ORS 3-23
NOL ADIT @ 21% (Total Company)	(\$85,602) Exhibit (KRK-1)
Excess NOL ADIT (Total Company)	\$823,074 Source: resp to ORS 1-116 corrected by ORS to reflect refund to customers in 2018
Prior Combined Federal and State Income Tax Rate %	\$304,423
Present Combined Federal and State Income Tax Rate %	38.25%
Amortization Period (Years) for Allowed NND Csots	24.95%
Amortization Period (Years) for Reg Liability for Refund of Revised Rates	20
Amortization Period (Years) for NOL ADIT	8
Amortization Start Year	10 Note: estimate; actual amortization based on taxable income of SCE&G, SCANA, and/or Dominion
Equity Capitalization %	2019
Equity Return %	52.81%
Debt Capitalization %	10.25%
Debt Return %	47.19%
Prior Gross-Up Factor	5.85%
Present Gross-Up Factor	1.6194
SC Retail Allocation Factor	1.3396
	96.83%

	2018	2019	2020	2021	2022	2023	2024	2025
Levelized Revenue Requirement, incl One-Time Refund	144,657	144,657	144,657	144,657	144,657	144,657	144,657	144,657
NPV of Revenue Requirement, incl One-Time Refund - Check	131,492	119,525	108,648	98,760	89,772	81,602	74,176	
Return Of and On Revenue Requirement, excl One-Time Refund	333,386	333,343	333,400	333,357	333,314	333,371	333,328	
NPV of Revenue Requirement, excl One-Time Refund	303,046	275,431	250,407	227,589	206,850	188,057	170,921	
Levelized Revenue Requirement, excl One-Time Refund	297,479	297,479	297,479	297,479	297,479	297,479	297,479	
NPV of Revenue Requirement, excl One-Time Refund - Check	270,406	245,797	223,427	203,094	184,611	167,810	152,538	
Regulatory Liability for Refund of Revised Rates*	(\$575,000)	(575,000)	(575,000)	(575,000)	(575,000)	(575,000)	(575,000)	(575,000)
Add: Accumulated Amortization of Reg Liab for Refund of Rev Rates	0	130,100	243,600	340,400	420,600	484,200	531,100	561,400
Add: ADIT on Reg Liab for Refund of Rev Rates	143,463	111,003	82,684	58,533	38,523	22,655	10,953	3,393

\*Dominion proposed CCR Tariff does not subtract this regulatory liability from the Capital Cost Rate Base

**ORS EXHIBIT LK-21**  
**Page 3 of 6**

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**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
DOMINION/SCE&G MERGER CUSTOMER BENEFITS PLAN CALCULATED BY ORS  
(\$ THOUSAND)**

Allowed NND Costs at Dec 31, 2017 (Total Company) (\$000)	\$3,327,000					
Transfers to Unit 1 and Transmission (Total Company)	(\$85,602)					
NOL ADIT @ 21% (Total Company)	\$823,074					
Excess NOL ADIT (Total Company)	\$304,423					
Prior Combined Federal and State Income Tax Rate %	38.25%					
Present Combined Federal and State Income Tax Rate %	24.95%					
Amortization Period (Years) for Allowed NND Csots	20					
Amortization Period (Years) for Reg Liability for Refund of Revised Rates	8					
Amortization Period (Years) for NOL ADIT	10					
Amortization Start Year	2019					
Equity Capitalization %	52.81%					
Equity Return %	10.25%					
Debt Capitalization %	47.19%					
Debt Return %	5.85%					
Prior Gross-Up Factor	1.6194					
Present Gross-Up Factor	1.3396					
SC Retail Allocation Factor	96.83%					
South Carolina Retail		2035	2036	2037	2038	Total
Levelized Revenue Requirement, incl One-Time Refund		144,657	144,657	144,657	144,657	2,893,139
NPV of Revenue Requirement, incl One-Time Refund - Check		28,567	25,967	23,604	21,456	1,230,546
Return Of and On Revenue Requirement, excl One-Time Refund		176,893	163,202	149,510	135,818	5,285,238
NPV of Revenue Requirement, excl One-Time Refund		34,933	29,296	24,396	20,145	2,530,546
Levelized Revenue Requirement, excl One-Time Refund		297,479	297,479	297,479	297,479	5,949,571
NPV of Revenue Requirement, excl One-Time Refund - Check		58,746	53,400	48,540	44,123	2,530,546
Regulatory Liability for Refund of Revised Rates*		(575,000)	(575,000)	(575,000)	(575,000)	
Add: Accumulated Amortization of Reg Liab for Refund of Rev Rates		575,000	575,000	575,000	575,000	
Add: ADIT on Reg Liab for Refund of Rev Rates		0	0	0	0	

\*Dominion proposed CCR Tariff does not subtract this regulatory liability from the Capital Cost Rate Base

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
AUDIT INFORMATION REQUEST**

**DOCKET NO. 2017-207-E (5th Continuing AIR)**

**DOCKET NO. 2017-305-E (4th Continuing AIR)**

**DOCKET NO. 2017-370-E (4th Continuing AIR)**

**REQUEST 4-14:**

Provide a copy of all integration/transition studies, analyses, and status/progress reports that address the organization, activities, staffing, costs, and /or savings to integrate SCANA and SCE&G into the Dominion organization structure, including the consolidation of centralized, shared, and common services in DES. Provide updates to your response as the integration/transition process proceeds.

**RESPONSE 4-14:**

As stated in the Joint Application, Dominion Energy plans to operate SCE&G in substantially the same way as it is currently being operated. Planning for the integration process is in the early stages, beginning with building a baseline understanding of each other's respective organization, thus there are no formal studies, analysis, or status/progress reports on the integration to date. As material components of the integration plan are finalized, updated information will be provided.

Responsible Person: Karla Haislip

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
AUDIT INFORMATION REQUEST**

**DOCKET NO. 2017-207-E (4th Continuing AIR)**

**DOCKET NO. 2017-305-E (3rd Continuing AIR)**

**DOCKET NO. 2017-370-E (3rd Continuing AIR)**

**REQUEST 3-13:**

Please identify the Dominion corporate costs expected to be allocated annually to SCE&G post-merger. State what portion is expected to be sought from customers post-merger.

**RESPONSE 3-13:**

Dominion Energy has a centralized service company, Dominion Energy Services, Inc. ("DES"), through which the Dominion Energy businesses secure necessary administrative and corporate services support. Please refer to Response 1-141 for additional discussion regarding DES and the services it provides.

SCANA entities will benefit from efficiencies and economies of scale associated with participating in Dominion's centralized services company model. As a result of its larger size and buying power, Dominion Energy expects to be able, over time, to reduce administrative expenses received by SCE&G, although SCANA and Dominion Energy have not yet determined the synergies that will result when these shared services are combined.

In addition, SCANA Corporation currently has a board of directors, and costs for their compensation and expenses are currently allocated to all SCANA subsidiaries, including SCE&G. Per the Merger Agreement, the SCANA board will cease to exist upon the Effective Date of the Merger, and SCE&G's corporate governance function will be assumed by the Dominion Energy board. As Dominion Energy has more subsidiaries than SCANA, future governance costs allocated to SCE&G are expected to be less, all other things being equal.

At this time, Dominion and SCE&G have not completed the process of identifying the specific corporate functions that would be transferred to a services company to yield such benefits, nor have they determined any expected allocations to SCE&G post-Merger. As such, amounts that are expected to be sought from customers post-Merger have not been determined.

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
AUDIT INFORMATION REQUEST**

**DOCKET NO. 2017-207-E (8th Continuing AIR)**

**DOCKET NO. 2017-305-E (7th Continuing AIR)**

**DOCKET NO. 2017-370-E (7th Continuing AIR)**

**REQUEST 7-8:**

Provide a schedule in an Excel spreadsheet showing the actual non-fuel or non-gas O&M expenses by FERC account for each Dominion electric utility and gas Local Distribution Company acquired by Dominion starting the year prior to Dominion's acquisition of the utility and continuing for the five years after the acquisition. This request includes, but is not limited to, Dominion East Ohio, Dominion Hope, and Questar Gas.

**RESPONSE 7-8:**

Please see DE Attachment ORS 7-8 on the enclosed CD for The East Ohio Gas Company, doing business as Dominion Energy Ohio; Hope Gas, Inc., doing business as Dominion Energy West Virginia; and Questar Gas Company doing business as Dominion Energy Utah, Dominion Energy Wyoming, and Dominion Energy Idaho. There are no other acquired local distribution companies currently part of Dominion Energy.

**RESPONSIBLE PERSON:** Joshua Blakeney



## MERGER COMMITMENTS OFFERED BY APPLICANTS

### Ratemaking Commitments Related to Recovery of NND Costs and Related Regulatory Liabilities, Tax Savings, and Merger Savings

#### No Merger Benefits Plan

- SCE&G will continue to charge revised rates for NND costs at \$413 million annually.
- SCE&G will continue to charge revised rates for BLRA transmission costs at \$32 million annually.
- SCE&G will terminate experimental rates.
- SCE&G will reduce base rates temporarily by 3.5% annually.
- SCE&G will forego recovery of \$490 million in NND costs already written off.
- SCE&G will forego recovery of the approximately \$320 million (updated and revised to \$361 million) regulatory assets associated with the following items: [Application at 57(c)].
  - i. The regulatory asset associated with interest rate swap losses related to the debt that was not issued for the NND Project;
  - ii. The regulatory asset associated with the accumulated deferred income taxes arising from NND Project equity AFUDC;
  - iii. The regulatory asset associated with the carrying costs on deferred tax assets related to nuclear construction; and
  - iv. The regulatory asset associated with the foregone domestic production activities deductions, net of the research and experimentation related tax credits, as well as accrued interest expense and other costs arising from the uncertain tax position related to the research and experimentation expenditure, will be written off and not be recovered from customers.
- SCE&G will implement new Tax Rider for TCJA tax savings for income tax expense included in base rates and revised rates. SCE&G will reduce retail electric bills to reflect the impact of federal tax reform passed in December 2017. [Application at 57(e)].
- SCE&G will implement one-time rate credit for 2018 TCJA savings.
- SCE&G will remove BLRA transmission project costs removed from the NND Project costs and close to plant. The associated depreciation, operating and maintenance costs will be deferred in a regulatory asset, including a long-term debt

return, for future rate recovery. [Application at 57(g)]. The deferrals will continue until the costs are included in base rates.

- Any deferred tax liability associated with the tax abandonment of the NND Project shall reduce the NND Project cost to be recovered from SCE&G customers. The deferred tax asset for the net operating loss carryforward will be reflected as a rate base offset, dollar for dollar, to the deferred tax liability. Reductions in the deferred tax asset shall be subject to Dominion Energy's ability to use the SCANA net operating loss carryforward to reduce its consolidated income tax liability. [Application at 57(i)]

### **Merger Benefit Plan**

- Terminate revised rates for NND costs.
- Terminate experimental rates will terminate.
- Implement new Capital Cost Recovery Rider to recover allowed NND costs over 20 years, subject to a fixed return based on a capital structure of 52.81% equity and 47.19% long term debt, return on equity of 10.25%, and cost of long-term debt of 5.85%.
- All current SCE&G electric customers as of the date of Merger close will receive an aggregate up-front, one-time rate credit totaling \$1.3 billion. [Application at 57(a)].
- Immediately upon Merger closing, SCE&G will write down its investment associated with the NND Project by approximately \$1.4 billion, which amount includes approximately \$1.2 billion in assets that have not previously been subject to consideration in setting revised rates and approximately \$200 million that have been so considered. The amounts written down would be permanently excluded from consideration in establishing retail electric rates going forward. [Application at 57(b)].
- SCE&G will not seek recovery of the approximately \$320 million regulatory assets (updated and revised to \$361 million) associated with the following items: [Application at 57(c)].
  - v. The regulatory asset associated with interest rate swap losses related to the debt that was not issued for the NND Project;
  - vi. The regulatory asset associated with the accumulated deferred income taxes arising from NND Project equity AFUDC;
  - vii. The regulatory asset associated with the carrying costs on deferred tax assets related to nuclear construction; and

viii. The regulatory asset associated with the foregone domestic production activities deductions, net of the research and experimentation related tax credits, as well as accrued interest expense and other costs arising from the uncertain tax position related to the research and experimentation expenditure, will be written off and not be recovered from customers.

- Dominion Energy will underwrite and recognize a regulatory liability of approximately \$575 million in refunds by SCE&G for refunding certain amounts previously collected under the NND Project. [Application at 57(d)]
- SCE&G will reduce retail electric bills further to reflect the impact of federal tax reform passed in December 2017. [Application at 57(e)]. This will be implemented through new Tax Rider for tax savings for base rates and BLRA transmission included in revised rates. This will be implemented through new NND Tax Rider for tax savings for recovery of NND costs.
- Transmission projects associated with the NND Project will be closed to rate base and removed from the NND Project costs. The associated depreciation, operating and maintenance costs will be captured in a regulatory asset, including a return, for future rate recovery. [Application at 57(g)]
- Any deferred tax liability associated with the tax abandonment of the NND Project shall reduce the NND Project cost to be recovered from SCE&G customers. The deferred tax asset for the net operating loss carryforward will be reflected as a rate base offset, dollar for dollar, to the deferred tax liability. Reductions in the deferred tax asset shall be subject to Dominion Energy's ability to use the SCANA net operating loss carryforward to reduce its consolidated income tax liability. [Application at 57(i)]

**Ratemaking Commitments Related to Base Rate Case Stayout If Merger Is Approved**

- Except for rate adjustments for fuel and environmental costs, demand side management costs and other rates routinely adjusted on an annual or biannual basis, SCE&G will commit to freezing retail electric base rates at current levels until January 1, 2021. [Application at 57(h)]

**Ratemaking Commitments Related to Merger Acquisition Premium, Goodwill, Transaction, and Transition Costs**

- SCE&G will not seek recovery of any acquisition premium (goodwill) costs, transition costs, or transaction costs associated with the combination from its customers.<sup>1</sup>
- Dominion Energy will not record any portion of the purchase price allocation adjustments (fair value adjustments including goodwill) associated with the Merger on SCANA or SCE&G's books and is planning to make the required accounting entries associated with the Merger on that basis. [Response to AIR 4-4]
- Neither SCANA nor SCE&G will seek recovery of any acquisition premium (goodwill) or any other fair value adjustments associated with the Merger from its customers. [Response to AIR 4-4]
- Any transaction costs related to the merger will be incurred and expensed at the respective Dominion Energy, Inc. and SCANA Corporation corporate (Holding Company) level. As such, SCE&G will not seek recovery of these costs from customers. Neither Dominion Energy, Inc. nor SCANA Corporation have specific FERC financial reporting requirements at the Holding Company level, although SCANA Corporation does maintain its Holding Company general ledger utilizing the FERC Uniform System of Accounts. As such, these transaction costs have been and are being recorded on SCANA's general ledger to account 426.5 - Other Deductions which is a below-the-line nonutility account number. Regardless of the account number used at either the Dominion Energy or SCANA Holding Company level, these costs are not passed down to any Dominion or SCANA subsidiary company. Similarly, due to the nature of the costs incurred, some may originate at Dominion Energy Services, Inc. (DES) or SCANA Services, Inc. (SSCO) and will be charged to the respective Holding Company. [Response to AIR 3-17]
- Generally, transition costs related to the merger will be incurred and expensed at the respective Dominion Energy, Inc. and SCANA Corporation corporate (Holding Company) level and will not be pushed down or charged to SCE&G or any other SCANA or Dominion subsidiary company. As such, SCE&G will not seek recovery of these costs from customers. Neither Dominion Energy, Inc. nor SCANA Corporation have specific FERG financial reporting requirements at the Holding Company level, although SCANA Corporation does maintain its Holding Company general ledger utilizing the FERG Uniform System of Accounts. Accordingly, these transition costs have been and are being recorded on SCANA's general ledger to account 426.5 - Other Deductions which is a below-the-line nonutility account number. Similarly, due to the nature of the costs incurred, some may originate at Dominion Energy Services, Inc. (DES) or SCANA Services, Inc. (SSCO) and will be charged to the respective Holding Company. Any transition costs and one-time charges attributable to the Customer Benefits Plan that are required to be recorded on the books of SCE&G under Generally Accepted Accounting Principles will be

<sup>1</sup> Page 17, Direct Testimony of James R. Chapman on Behalf of Dominion Energy, Inc., Docket No. 2017-370-E.

reflected on SCE&G's books below-the-line in FERG account 426.5 - Other Deductions to ensure the amounts are excluded from rate recovery. [Response to AIR 4-11]

### **Commitments Affecting the Cost of New Generating Capacity**

- The approximately \$180 million initial capital investment in the Columbia Energy Center, a 540-MW combined-cycle, natural gas-fired power plant located in Gaston, South Carolina, will be excluded from rate base and rate recovery, with only the ongoing costs such as fuel costs, operations and maintenance expense, and maintenance or improvement capital investments associated with the plant to be recovered in future base and fuel rates. [Application at 57(f)]

### **Commitments Affecting Affiliate Transactions**

- Dominion Energy does not permit any lending of cash or other capital from a utility subsidiary to any other entity within the Dominion Energy family (in other words, there is no “money pool” for these regulated utility subsidiaries).<sup>2</sup>

### **Commitments Regarding Local Management, Headquarters, and Access to Books and Records**

- Dominion Energy will maintain SCE&G's headquarters in Cayce, South Carolina. [Application at 60(a)]
- Dominion Energy's board of directors will take all necessary action, as soon as practical after the effective time of the merger, to appoint a mutually agreeable current member of the SCANA Board or SCANA's executive management team as a director to serve on Dominion Energy's board of directors. [Application at 60(b)]
- Dominion Energy will manage SCE&G from an operations standpoint as a separate regional business under Dominion Energy. SCE&G will retain local responsibility for making decisions that achieve the objectives of customer satisfaction, reliable service, customer, public, and employee safety, environmental stewardship, and collaborative and productive relationships with customers, regulators, other governmental entities, and interested stakeholders. [Application at 60(c)]

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<sup>2</sup> Page 7, Direct Testimony of James R. Chapman on Behalf of Dominion Energy, Inc., Docket No. 2017-370-E.

**Commitments Regarding Local Employment**

- Dominion Energy commits to maintaining compensation levels for employees of SCANA and its subsidiaries, including SCE&G, following the closing of the merger until January 1, 2020. Further, Dominion Energy will give employees of SCANA and its subsidiaries, including SCE&G, due and fair consideration for other employment and promotion opportunities within the larger Dominion Energy organization, both inside and outside of South Carolina. [Application at 60(g) and (h)]

**Commitments Regarding Service Quality**

- Dominion Energy will maintain SCE&G's customer service at no less than current levels and will strive for continued improvements. [Application at 60(d)]
- Dominion Energy will not diminish SCE&G's focus on installing, upgrading, and maintaining facilities necessary for safe and reliable operations. [Application at 60(e)]
- Dominion Energy will maintain the environmental monitoring and maintenance programs of SCE&G at or above current levels. [Application at 60(f)]

**Commitments Regarding Credit Quality**

- Dominion Energy, through SCANA, will provide equity, as needed, to SCE&G with the intent of maintaining SCE&G's capital structure that is consistent with existing regulatory guidelines and improving credit ratings. [Application at 60(i)]
- Dominion Energy intends to maintain credit metrics that are supportive of strong investment-grade credit ratings for SCE&G. [Application at 60(j)]

**Other Commitments Offered by Dominion/SCE&G**

- Dominion Energy commits to increasing SCANA's historical level of corporate contributions to charities identified by SCANA's leadership by \$1,000,000 per year for at least five years after the Effective Time, and will maintain or increase historical levels of community involvement, low income funding, and economic development efforts in SCANA's current operation areas.<sup>3</sup> [Application at 60(k)]

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<sup>3</sup> Pages 16-18, Direct Testimony of Robert M. Blue on Behalf of Dominion Energy, Inc., Docket No. 2017-370-E.

**MERGER CONDITIONS RECOMMENDED BY ORS****Ratemaking Conditions Related to Recovery of NND Costs and Related Regulatory Liabilities, Tax Savings, and Merger Savings**

- Reduce SCE&G rates to electric customers by \$193.7 million (from present rates, including experimental rates) in the first billing cycle following the Order issued on or before December 21, 2018 in this proceeding, followed by an increase of \$33.2 million in the first billing cycle in 2020 (for a net reduction from present rates, including experimental rates, of \$160.5 million in 2020). This net rate reduction reflects the termination of the existing revised rates and the termination of the temporary rate reduction reflected in the experimental rates adopted pursuant to Act 258; provides the Company recovery of its allowed NND abandonment costs less related regulatory liabilities on a levelized (annuitized) basis over 20 years; recognizes the annual savings in base rates due to the TCJA going forward; recognizes estimated savings from the merger starting at \$35 million in 2019 and growing to \$70 million in 2020; and provides a one-time credit/refund for the savings due to the TCJA in 2018 that was subject to deferral as a regulatory liability pursuant to the Commission's Order No. 2018-308 in Docket No. 2017-381-A.
- Terminate SCE&G revised rates for grossed-up return on NND costs at \$413 million annually.
- Terminate SCE&G revised rates for grossed-up return on BLRA transmission costs of \$32 million annually.
- Terminate SCE&G experimental rates of negative \$367 million annually.
- Authorize SCE&G rate increase of \$86.2 million in the form of a new Capital Cost Recovery Rider ("CCR Rider") to recover the allowed NND costs less related regulatory liabilities on the effective date when rates are reset in this proceeding. The Commission shall authorize this recovery over 20 years on a levelized (annuitized) basis using a fixed rate of return that includes a 52.81% equity ratio and a long-term debt ratio of 47.19%, a return on equity of 9.1%, and a cost of debt of 5.56%, which includes a revision to incorporate SCE&G's recent debt issuances. The Commission should include all effects of the TCJA on the NND costs and regulatory liabilities in the CCR Rider, including the reduction in the federal income tax rate on the income tax expense resulting from the equity return and the amortization of excess liability and asset net operating loss ("NOL") accumulated deferred income taxes ("ADIT").
- Direct SCE&G to defer the BLRA transmission revenue requirement, including a long-term debt rate of return, consistent with the termination of the revised rates and to be considered in a subsequent base rate proceeding. The Commission shall address the prudence and recovery of these transmission costs in that future proceeding. The

Commission shall authorize SCE&G to defer a rate of return using the cost of long-term debt, depreciation, incremental operation and maintenance (“O&M”) expenses, other incremental taxes expense (payroll and property tax expenses), and other incremental operating expenses, e.g., insurance expense, until the effective date when rates are reset to include the allowed amount of these costs in a future base rate proceeding.

- Direct SCE&G to securitize the allowed NND abandonment costs if South Carolina enacts enabling legislation, without reduction for regulatory liabilities and ADIT. The regulatory liabilities and ADIT would not be used to reduce the amount of securitization financing and instead would be subtracted from rate base, subject to the grossed-up rate of return for the NND costs less regulatory liabilities if securitization financing is not available.
- Authorize SCE&G rate increase of \$35.3 million to \$52.4 million in the form of a securitization tariff to collect the amounts sufficient to repay the NND costs and a CCR surcredit (negative rate) rider for the regulatory liabilities, or its ratemaking equivalent. The range is due to the estimated range in potential securitization interest rates and includes an increment for the estimated “make-whole” penalties to prematurely redeem outstanding long-term debt with the securitization proceeds.
- Authorize a rate reduction of \$99 million in the form of a Tax Savings Rider for the base rate savings due to the TCJA unrelated to the NND costs and related regulatory liabilities. The income tax savings include the reduction in income tax expense and the amortization of excess ADIT. The Tax Savings Rider will remain in place until base rates are reset to reflect these savings in a future base rate proceeding.
- Include the income tax savings related to the NND costs and related regulatory liabilities in the CCR Rider and reject the Applicants’ proposed NND Tax Rider.
- Authorize a rate reduction of \$35 million in the first year and \$70 million in the second year and annually thereafter in the form of a Merger Savings Rider for the estimated savings in operating expenses if the Merger is implemented. The Merger Savings Rider will remain in place until base rates are reset to reflect these savings in a future base rate proceeding.
- Authorize a one-time refund of \$68.2 million for the base rate and revised rate income tax savings in 2018 due to the TCJA. The income tax savings includes the reduction in income tax expense for base rates and revised rates and the amortization of protected excess ADIT for base rates. It does not include the amortization of unprotected excess ADIT.
- Deny SCE&G recovery or ability to seek recovery of additional NND costs incurred after September 30, 2017 in conjunction with its commitment that it has written off all costs related to the project since that date. This includes any costs that may be incurred in the future, including, but not limited to, sales tax on the NND costs and



demolition or decommissioning costs related to the abandoned physical assets. Such additional NND costs shall be precluded from recovery through the CCR Rider or otherwise.

**Ratemaking Conditions Related to Base Rate Case Stayout If Merger Is Approved**

- Except for rate adjustments for fuel and environmental costs, demand side management costs and other rates routinely adjusted on an annual or biannual basis, SCE&G will commit to freezing retail electric base rates at current levels until January 1, 2021.
- SCE&G shall be precluded from seeking new deferrals for costs that historically have been recovered through base rates for the same two year period.

**Ratemaking Conditions Related to Merger Acquisition Premium, Goodwill, Transaction, and Transition Costs**

- SCE&G will not seek recovery of any acquisition premium (goodwill) costs, transaction costs, or transition costs associated with the combination from its customers.<sup>1</sup>
- The following definition of acquisition premium (goodwill) costs shall apply. As defined in Accounting Standards Codification Topic 805, *Business Combinations*, goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. The terms goodwill and acquisition premium are used interchangeably for ratemaking purposes. Goodwill will not be determined until the closing date of the transaction at which time it will be based on the fair value of SCANA's identifiable assets and liabilities as determined by a third-party valuation.
- Dominion Energy will not record any portion of the purchase price allocation adjustments (fair value adjustments including goodwill) associated with the Merger on SCANA or SCE&G's books and is planning to make the required accounting entries associated with the Merger on that basis.
- Neither SCANA nor SCE&G will seek recovery of any acquisition premium (goodwill) or any other fair value adjustments associated with the Merger from its customers.
- The following definition of transaction costs shall apply. Transaction costs include costs incurred in connection with completion of the acquisition by Dominion Energy,

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<sup>1</sup> Page 17, Direct Testimony of James R. Chapman on Behalf of Dominion Energy, Inc., Docket No. 2017-370-E.

- Inc. of the equity interests of SCANA Corporation, including costs of obtaining all necessary regulatory approvals for the merger. Examples of such costs include legal fees and expenses, regulatory filing fees and costs of developing and pursuing regulatory approvals, accounting fees, costs related to securities issuances and proxy solicitations, financial advisory fees and investment banking fees.
- Any transaction costs related to the merger will be incurred and expensed at the respective Dominion Energy, Inc. and SCANA Corporation corporate (Holding Company) level. As such, SCE&G will not seek recovery of these costs from customers. Neither Dominion Energy, Inc. nor SCANA Corporation have specific FERC financial reporting requirements at the Holding Company level, although SCANA Corporation does maintain its Holding Company general ledger utilizing the FERC Uniform System of Accounts. As such, these transaction costs have been and are being recorded on SCANA's general ledger to account 426.5 - Other Deductions which is a below-the-line nonutility account number. Regardless of the account number used at either the Dominion Energy or SCANA Holding Company level, these costs are not passed down to any Dominion or SCANA subsidiary company. Similarly, due to the nature of the costs incurred, some may originate at Dominion Energy Services, Inc. (DES) or SCANA Services, Inc. (SSCO) and will be charged to the respective Holding Company.
  - The following definition of transition costs shall apply. Transition costs are generally costs arising from the activities necessary to integrate the purchased entity into the acquiring entity. Examples of transition costs include those related to, but not limited to, the integration of financial, IT, human resource, billing, accounting, and telecommunications systems and processes. Other costs could include severance payments to employees and costs related to changes to signage, changes to employee benefit plans and termination of any duplicative leases, contracts, operations, etc.
  - Generally, transition costs related to the merger will be incurred and expensed at the respective Dominion Energy, Inc. and SCANA Corporation corporate (Holding Company) level and will not be pushed down or charged to SCE&G or any other SCANA or Dominion subsidiary company. As such, SCE&G will not seek recovery of these costs from customers. Neither Dominion Energy, Inc. nor SCANA Corporation have specific FERG financial reporting requirements at the Holding Company level, although SCANA Corporation does maintain its Holding Company general ledger utilizing the FERG Uniform System of Accounts. Accordingly, these transition costs have been and are being recorded on SCANA's general ledger to account 426.5 - Other Deductions which is a below-the-line nonutility account number. Similarly, due to the nature of the costs incurred, some may originate at Dominion Energy Services, Inc. (DES) or SCANA Services, Inc. (SSCO) and will be charged to the respective Holding Company. Any transition costs and one-time charges attributable to the Customer Benefits Plan that are required to be recorded on the books of SCE&G under Generally Accepted Accounting Principles will be reflected on SCE&G's books below-the-line in FERG account 426.5 - Other Deductions to ensure the amounts are excluded from rate recovery.

**Conditions Affecting the Cost of New Generating Capacity**

- The approximately \$180 million initial capital investment in the Columbia Energy Center, a 540-MW combined-cycle, natural gas-fired power plant located in Gaston, South Carolina, will be excluded from rate base and rate recovery, with only the ongoing costs such as fuel costs, operations and maintenance expense, and maintenance or improvement capital investments associated with the plant to be recovered in future base and fuel rates.

**Conditions Affecting Affiliate Transactions**

- SCE&G shall not be the guarantor of any debt of Dominion Energy, Inc. or any other Dominion affiliates.
- SCE&G shall make a filing with the Commission to seek approval for any proposed structural reorganization and shall not implement such reorganization until the Commission issues an order approving, rejecting, or modifying the planned reorganization.
- Dominion Services, Inc. shall not modify its CAM or its affiliate billing practices to charge SCE&G a rate of return on rate base.
- Dominion Energy, Inc., SCE&G, and its affiliates shall abide by the following standards regarding affiliate transactions as depicted in the NARUC's Guidelines for Cost Allocations and Affiliate Transactions unless as otherwise directed by the Commission.
  1. Generally, the price for services, products and the use of assets provided by a regulated entity to its non-regulated affiliates should be at the higher of fully allocated costs or prevailing market prices. Under appropriate circumstances, prices could be based on incremental cost, or other pricing mechanisms as determined by the regulator.
  2. Generally, the price for services, products and the use of assets provided by a non-regulated affiliate to a regulated affiliate should be at the lower of fully allocated cost or prevailing market prices. Under appropriate circumstances, prices could be based on incremental cost, or other pricing mechanisms as determined by the regulator.
  3. Generally, transfer of a capital asset from the utility to its non-regulated affiliate should be at the greater of prevailing market price or net book value, except as otherwise required by law or regulation. Generally, transfer of assets from an affiliate to the utility should be at the lower of prevailing market price or net book value, except as otherwise required by law or regulation. To

determine prevailing market value, an appraisal should be required at certain value thresholds as determined by regulators.

4. Entities should maintain all information underlying affiliate transactions with the affiliated utility for a minimum of three years, or as required by law or regulation.
- SCE&G shall not engage in improper self-dealing with other Dominion affiliates where there are competitive alternatives, such as the sourcing of natural gas supplies and transportation and storage services; in such circumstances, SCE&G shall competitively source its services or products using a “least cost” standard. SCE&G shall be required to maintain records and shall have the burden to prove that transactions with a competitive affiliate were sourced competitively and at least cost.

#### **Conditions Regarding Local Management, Headquarters, and Access to Books and Records**

- Dominion Energy shall manage SCE&G from an operations standpoint as a separate regional business under Dominion Energy. SCE&G will retain local responsibility for making decisions that achieve the objectives of customer satisfaction, reliable service, customer, public, and employee safety, environmental stewardship, and collaborative and productive relationships with customers, regulators, other governmental entities, and interested stakeholders.
- Dominion Energy shall maintain SCE&G’s headquarters in Cayce, South Carolina.
- The Commission will continue to exercise its regulatory authority over SCE&G in the same way it does today, thereby ensuring continued protection of the interests of South Carolina customers. In addition, officers and employees of Dominion Energy, including SCE&G local management, will continue to be accessible to regulators and lawmakers, including the Commission. As part of this and future regulatory proceedings, Dominion Energy and SCE&G will continue to provide information about Dominion Energy or its other subsidiaries relevant to matters within the Commission’s jurisdiction to the Commission upon request of the Commission. In addition, Dominion and SCE&G management will ensure local access to books and records of SCE&G, including local access to the books and records of SCANA Services, Inc., and Dominion Energy Services, Inc., as well as any other affiliate that provides services to and charges SCE&G, without limitation to specific future “proceedings.”

#### **Conditions Regarding Local Employment**

- Dominion Energy will commit to maintaining compensation levels for employees of SCANA and its subsidiaries, including SCE&G, following the closing of the merger until January 1, 2020. Further, Dominion Energy will give employees of SCANA and its subsidiaries, including SCE&G, due and fair consideration for other employment

and promotion opportunities within the larger Dominion Energy organization, both inside and outside of South Carolina.

- Dominion Energy will seek to minimize the reductions in local employment by relocating some of the Dominion Services, Inc. shared and common services functions and activities to Caycee from Richmond.

### **Conditions Regarding Service Quality**

- For SCE&G's electric operations, SCE&G shall provide quarterly SAIDI and SAIFI reporting the same as provided by Dominion shown on Exhibit RAB-12, page 1. The quarterly reporting to the Commission should begin no less than three (3) months after the close of the transaction.
- For SCE&G's electric operations, SCE&G shall provide quarterly Call Center Performance Metrics reporting the same as provided by Dominion on Exhibit RAB-12, page 2. The quarterly reporting to the Commission should begin no less than three (3) months after the close of the transaction.
- For SCE&G's electric operations, SCE&G shall provide a yearly plan for addressing the 5% worst performing feeders on the Company's system.
- For SCE&G's electric operations, SCE&G shall file a detailed report with the Commission identifying opportunities for improving the service quality to electric customers on SCE&G's system within six (6) months after the close of the transaction.
- For SCE&G's gas operations, SCE&G shall file quarterly service quality reports with the same service quality metrics shown as provided by Dominion shown on Exhibit RAB-11. The quarterly reporting to the Commission should begin no less than six (6) months after the close of the transaction.
- For SCE&G's electric and gas operations, the Commission shall open a docket within two (2) years from the filing of the service quality improvement report to evaluate SCE&G's progress on service quality. ORS and other stakeholders may intervene in this docket. SCE&G shall be required to submit testimony to demonstrate its progress and experience with service quality for electric and gas operations since the close of the merger.

### **Conditions Regarding Credit Quality**

- The ROE for SCE&G should be determined using a proxy group of investment grade regulated utilities. The Commission shall not allow Dominion Energy or SCE&G to pass through increases in the cost of equity due to adverse effects from the proposed

acquisition or from any additional risk due to imprudent actions by SCANA and/or SCE&G.

- The Commission shall require that the cost of new long-term debt issued by or for SCE&G be set based on the lower of the prevailing cost of debt for an average investment grade regulated utility (rated BBB/Baa/A) or on SCE&G's actual cost of new long-term debt.

**Additional Conditions Recommended by ORS**

- Dominion Energy shall not make change to the organizational structure of SCE&G as a result of the Merger without prior authorization from the Commission. That organizational structure is presented in Exhibit 8 of the application. Dominion Energy commits that SCE&G will remain a direct, wholly-owned subsidiary of SCANA Corporation, will continue to exist as a separate legal entity following the merger, and that both electric and gas functions and activities will remain resident within SCE&G.

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
AUDIT INFORMATION REQUEST**

**DOCKET NO. 2017-207-E (8th Continuing AIR)**

**DOCKET NO. 2017-305-E (7th Continuing AIR)**

**DOCKET NO. 2017-370-E (7th Continuing AIR)**

**REQUEST 7-9:**

Provide a schedule in an Excel spreadsheet showing the charges from SCANA Services, Inc. to SCE&G by FERC account for 2016 and 2017. Separate the 900 series account expenses into electric and gas.

**RESPONSE 7-9:**

Please see attached spreadsheet.

**RESPONSIBLE PERSON:** Lawton Blackstone

SCANA Services Charges to SCE&G by FERC Account  
For Calendar Year 2017  
Response to ORS AIR 7-9

REPORTING BUSINESS UNIT	FERC Account	LINE OF BUSINESS	Direct Billed	Allocated	Total Billed
SCEG	1070		41,702,745.32	2,702,046.86	44,404,792.18
SCEG	1080		2,230,068.78	-	2,230,068.78
SCEG	1180		12,829,389.40	431,488.31	13,260,877.71
SCEG	1190		59,796.77	-	59,796.77
SCEG	1210		2,225,493.14	-	2,225,493.14
SCEG	1540		9,162.64	-	9,162.64
SCEG	1630		553,793.81	-	553,793.81
SCEG	1822		3,104.25	-	3,104.25
SCEG	1823		9,274,136.75	-	9,274,136.75
SCEG	1830		45,332.59	-	45,332.59
SCEG	1832		261,348.26	-	261,348.26
SCEG	1840		2,297,460.58	1,280,199.85	3,577,660.43
SCEG	1860		1,629,287.34	66,203.81	1,695,491.15
SCEG	2270		(1,231,124.28)	-	(1,231,124.28)
SCEG	2430		5,616.66	-	5,616.66
SCEG	4081		1,910,779.22	5,949,034.95	7,859,814.17
SCEG	4082		301,460.87	73,710.94	375,171.81
SCEG	4111		-	144,500.00	144,500.00
SCEG	4112		-	2,600.00	2,600.00
SCEG	4140		-	12,523,072.64	12,523,072.64
SCEG	4160		3,696,075.79	288,683.99	3,984,759.78
SCEG	4171		686,856.17	246,838.62	933,694.79
SCEG	4210		-	74,310.39	74,310.39
SCEG	4261		1,627,286.93	416,654.29	2,043,941.22
SCEG	4263		350.58	-	350.58
SCEG	4264		1,713,836.88	761,762.63	2,475,599.51
SCEG	4265		6,627,493.95	2,709,096.36	9,336,590.31
SCEG	4300		-	6,588,410.71	6,588,410.71
SCEG	4320		-	(14,250.54)	(14,250.54)
SCEG	5000		10,035.92	-	10,035.92
SCEG	5010		745,068.63	-	745,068.63
SCEG	5020		10.00	-	10.00
SCEG	5060		1,193,213.13	-	1,193,213.13
SCEG	5110		79,438.36	-	79,438.36
SCEG	5120		53,430.78	-	53,430.78
SCEG	5130		22.50	-	22.50
SCEG	5140		18,941.49	-	18,941.49
SCEG	5170		116,059.31	-	116,059.31
SCEG	5190		106,099.96	-	106,099.96
SCEG	5200		351,723.99	-	351,723.99
SCEG	5240		7,377,559.22	-	7,377,559.22
SCEG	5290		633,727.32	-	633,727.32
SCEG	5300		1,275.24	-	1,275.24
SCEG	5310		-	-	-
SCEG	5320		1,778,727.47	-	1,778,727.47
SCEG	5350		3,153.20	-	3,153.20
SCEG	5370		20,666.26	-	20,666.26
SCEG	5380		1,648.47	-	1,648.47
SCEG	5390		186,793.00	-	186,793.00
SCEG	5430		108,997.94	-	108,997.94
SCEG	5440		7,271.81	-	7,271.81
SCEG	5450		-	-	-



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SCEG	5460	11,021.48	-	11,021.48
SCEG	5480	1,554.21	-	1,554.21
SCEG	5490	147,733.43	-	147,733.43
SCEG	5510	275.00	-	275.00
SCEG	5520	18,129.80	-	18,129.80
SCEG	5530	19,433.93	-	19,433.93
SCEG	5540	45,343.44	-	45,343.44
SCEG	5560	295,992.38	-	295,992.38
SCEG	5600	16,818.15	-	16,818.15
SCEG	5611	6,988.07	-	6,988.07
SCEG	5612	43,875.46	-	43,875.46
SCEG	5617	2,664.90	-	2,664.90
SCEG	5620	2,684,864.07	-	2,684,864.07
SCEG	5630	21,029.41	-	21,029.41
SCEG	5660	422,469.20	-	422,469.20
SCEG	5680	43,215.79	-	43,215.79
SCEG	5690	35,330.32	-	35,330.32
SCEG	5700	313,027.89	-	313,027.89
SCEG	5710	29,176.78	-	29,176.78
SCEG	5730	164,151.61	-	164,151.61
SCEG	5800	87,103.52	-	87,103.52
SCEG	5810	1,417.17	-	1,417.17
SCEG	5820	175,626.67	-	175,626.67
SCEG	5830	8,499.86	-	8,499.86
SCEG	5840	12.50	-	12.50
SCEG	5850	285.00	-	285.00
SCEG	5860	35,445.83	-	35,445.83
SCEG	5880	3,539,111.10	-	3,539,111.10
SCEG	5890	241,643.15	-	241,643.15
SCEG	5900	1,886.30	-	1,886.30
SCEG	5920	165,563.44	-	165,563.44
SCEG	5930	296,648.12	-	296,648.12
SCEG	5940	58,139.95	-	58,139.95
SCEG	5960	19,058.49	-	19,058.49
SCEG	5970	108,931.39	-	108,931.39
SCEG	5980	3,255.77	-	3,255.77
SCEG	7350	358,098.51	-	358,098.51
SCEG	8030	-	-	-
SCEG	8400	61,298.10	2,000.75	63,298.85
SCEG	8410	(9,251.72)	2,340.61	(6,911.11)
SCEG	8432	17,248.72	-	17,248.72
SCEG	8439	22,144.94	-	22,144.94
SCEG	8610	-	755.88	755.88
SCEG	8670	-	227.16	227.16
SCEG	8700	504,178.97	263,582.54	767,761.51
SCEG	8710	8,456.64	-	8,456.64
SCEG	8740	464,685.66	440,428.32	905,113.98
SCEG	8750	12,973.03	-	12,973.03
SCEG	8760	416,027.39	-	416,027.39
SCEG	8780	5,829.69	-	5,829.69
SCEG	8790	3,088.24	-	3,088.24
SCEG	8800	473,847.69	2,801.75	476,649.44
SCEG	8810	233,292.18	-	233,292.18
SCEG	8850	5,746.94	4,187.28	9,934.22
SCEG	8870	506,692.60	5,841.36	512,533.96
SCEG	8900	217.65	-	217.65
SCEG	8920	386,680.32	-	386,680.32
SCEG	8930	134,684.66	35,275.87	169,960.53

SCEG	8940		429.17	-	429.17
SCEG	9010	ELECTRIC	555,004.19	6,598.75	561,602.94
SCEG	9010	GAS	53,465.89	797.69	54,263.58
SCEG	9020	ELECTRIC	566,630.40	145,918.44	712,548.84
SCEG	9020	GAS	65,148.09	13,666.18	78,814.27
SCEG	9030	ELECTRIC	26,286,028.45	2,068,994.56	28,355,023.01
SCEG	9030	GAS	3,729,852.07	241,523.40	3,971,375.47
SCEG	9040	ELECTRIC	(662.33)	-	(662.33)
SCEG	9040	GAS	(245.83)	-	(245.83)
SCEG	9050	ELECTRIC	2,571,238.71	(20,414.68)	2,550,824.03
SCEG	9050	GAS	527,319.56	(1,911.72)	525,407.84
SCEG	9070	GAS	824.13	-	824.13
SCEG	9080	ELECTRIC	199,889.56	-	199,889.56
SCEG	9080	GAS	26,668.20	-	26,668.20
SCEG	9100	ELECTRIC	271.73	(439.33)	(167.60)
SCEG	9100	GAS	175,749.97	262.92	176,012.89
SCEG	9110	GAS	1,431.65	-	1,431.65
SCEG	9120	ELECTRIC	35,167.48	(570.07)	34,597.41
SCEG	9120	GAS	435,310.97	130.34	435,441.31
SCEG	9130	ELECTRIC	33.56	208.39	241.95
SCEG	9130	GAS	3.15	(3,290.49)	(3,287.34)
SCEG	9160	ELECTRIC	63.80	337,122.41	337,186.21
SCEG	9160	GAS	262,101.74	176,532.81	438,634.55
SCEG	9200	ELECTRIC	11,182,746.71	12,040,570.04	23,223,316.75
SCEG	9200	GAS	2,821,530.85	1,711,852.98	4,533,383.83
SCEG	9210	ELECTRIC	7,911,536.06	5,830,766.34	13,742,302.40
SCEG	9210	GAS	1,152,691.75	852,379.60	2,005,071.35
SCEG	9230	ELECTRIC	11,047,394.71	5,306,045.50	16,353,440.21
SCEG	9230	GAS	878,124.13	570,668.83	1,448,792.96
SCEG	9240	ELECTRIC	(454,942.92)	379,383.35	(75,559.57)
SCEG	9240	GAS	11,710.02	32,065.93	43,775.95
SCEG	9250	ELECTRIC	5,610,660.85	148,577.33	5,759,238.18
SCEG	9250	GAS	1,178,996.78	17,875.76	1,196,872.54
SCEG	9260	ELECTRIC	6,754,220.42	6,527,147.92	13,281,368.34
SCEG	9260	GAS	1,665,340.99	1,262,472.27	2,927,813.26
SCEG	9280	ELECTRIC	1,018,033.51	(400.49)	1,017,633.02
SCEG	9280	GAS	274,021.76	(206.27)	273,815.49
SCEG	9301	ELECTRIC	20,420.40	(559.83)	19,860.57
SCEG	9301	GAS	7,579.60	(280.81)	7,298.79
SCEG	9302	ELECTRIC	1,700,197.94	2,089,637.03	3,789,834.97
SCEG	9302	GAS	488,282.66	190,726.56	679,009.22
SCEG	9310	ELECTRIC	3,624,040.72	1,541,787.18	5,165,827.90
SCEG	9310	GAS	524,973.84	665,800.29	1,190,774.13
SCEG	9320	ELECTRIC	553.32	51.68	605.00
SCEG	9320	GAS	5.39	25.92	31.31
SCEG	9350	ELECTRIC	4,050,267.97	2,282,275.22	6,332,543.19
SCEG	9350	GAS	1,215,698.15	351,459.16	1,567,157.31
			<b>212,101,090.11</b>	<b>79,767,056.42</b>	<b>291,868,146.53</b>

SCANA Services Charges to SCE&G by FERC Account  
For Calendar Year 2016  
Response to ORS AIR 7-9

REPORTING BUSINESS UNIT	FERC Account	LINE OF BUSINESS	Direct Billed	Allocated	Total Billed
SCEG	1070		36,963,096.24	2,827,349.82	39,790,446.06
SCEG	1080		2,692,063.02	-	2,692,063.02
SCEG	1180		21,280,609.33	412,488.91	21,693,098.24
SCEG	1190		172,957.10	-	172,957.10
SCEG	1210		1,169,534.23	-	1,169,534.23
SCEG	1540		11,540.30	-	11,540.30
SCEG	1630		605,446.76	-	605,446.76
SCEG	1822		3,530.35	-	3,530.35
SCEG	1823		9,112,578.82	-	9,112,578.82
SCEG	1830		22,016.70	-	22,016.70
SCEG	1832		337,494.35	-	337,494.35
SCEG	1840		1,885,831.27	1,190,223.13	3,076,054.40
SCEG	1860		2,217,437.17	69,797.10	2,287,234.27
SCEG	2270		(580,861.79)	-	(580,861.79)
SCEG	2430		(305,736.93)	-	(305,736.93)
SCEG	4081		3,767,859.27	5,742,156.47	9,510,015.74
SCEG	4082		255,458.51	76,977.74	332,436.25
SCEG	4101		-	-	-
SCEG	4140		1,034,471.87	11,253,267.33	12,287,739.20
SCEG	4160		4,366,870.29	348,371.36	4,715,241.65
SCEG	4171		808,869.60	265,559.99	1,074,429.59
SCEG	4210		-	74,329.38	74,329.38
SCEG	4261		3,038,674.40	153,166.75	3,191,841.15
SCEG	4264		927,008.63	592,098.32	1,519,106.95
SCEG	4265		4,149,027.65	2,827,358.18	6,976,385.83
SCEG	4300		-	6,296,982.60	6,296,982.60
SCEG	4310		9,538.93	-	9,538.93
SCEG	4320		-	(6,802.34)	(6,802.34)
SCEG	5000		18,195.31	-	18,195.31
SCEG	5010		732,242.57	-	732,242.57
SCEG	5020		25.00	-	25.00
SCEG	5060		624,471.40	-	624,471.40
SCEG	5110		213,072.02	-	213,072.02
SCEG	5120		124,574.20	-	124,574.20
SCEG	5130		715.00	-	715.00
SCEG	5140		22,379.05	-	22,379.05
SCEG	5170		108,511.08	-	108,511.08
SCEG	5190		58,246.43	-	58,246.43
SCEG	5200		338,026.07	-	338,026.07
SCEG	5240		5,047,804.44	-	5,047,804.44
SCEG	5280		686.97	-	686.97
SCEG	5290		501,225.54	-	501,225.54
SCEG	5300		25,054.11	-	25,054.11
SCEG	5310		-	-	-
SCEG	5320		1,478,203.32	-	1,478,203.32
SCEG	5350		4,555.84	-	4,555.84
SCEG	5370		23,063.55	-	23,063.55
SCEG	5380		909.09	-	909.09
SCEG	5390		169,847.78	-	169,847.78
SCEG	5430		43,227.72	-	43,227.72
SCEG	5440		50,551.57	-	50,551.57
SCEG	5450		3,281.54	-	3,281.54
SCEG	5460		12,827.02	-	12,827.02
SCEG	5480		357.23	-	357.23
SCEG	5490		170,368.04	-	170,368.04
SCEG	5510		2,888.91	-	2,888.91
SCEG	5520		1,920.61	-	1,920.61
SCEG	5530		19,347.24	-	19,347.24

SCEG	5560		289,645.36	-	289,645.36
SCEG	5600		11,583.21	-	11,583.21
SCEG	5611		6,748.71	-	6,748.71
SCEG	5612		42,999.82	-	42,999.82
SCEG	5617		1,779.39	-	1,779.39
SCEG	5620		189,193.45	-	189,193.45
SCEG	5630		1,395.66	-	1,395.66
SCEG	5660		345,220.80	-	345,220.80
SCEG	5680		23,685.70	-	23,685.70
SCEG	5690		27,497.78	-	27,497.78
SCEG	5692		96.00	-	96.00
SCEG	5700		232,750.39	-	232,750.39
SCEG	5710		94,709.94	-	94,709.94
SCEG	5730		177,760.82	-	177,760.82
SCEG	5800		174,267.74	-	174,267.74
SCEG	5810		1,382.74	-	1,382.74
SCEG	5820		142,844.84	-	142,844.84
SCEG	5830		10,714.27	-	10,714.27
SCEG	5850		95.00	-	95.00
SCEG	5860		14,396.77	-	14,396.77
SCEG	5880		1,517,037.67	-	1,517,037.67
SCEG	5890		237,849.12	-	237,849.12
SCEG	5900		1,643.11	-	1,643.11
SCEG	5910		2,548.40	-	2,548.40
SCEG	5920		162,704.05	-	162,704.05
SCEG	5930		1,307,556.37	-	1,307,556.37
SCEG	5940		51,570.37	-	51,570.37
SCEG	5950		323.38	-	323.38
SCEG	5960		9,067.41	-	9,067.41
SCEG	5970		66,726.32	-	66,726.32
SCEG	5980		6,386.00	-	6,386.00
SCEG	7350		467,539.45	-	467,539.45
SCEG	8400		69,299.22	2,584.99	71,884.21
SCEG	8410		53,046.51	1,530.96	54,577.47
SCEG	8432		18,998.92	-	18,998.92
SCEG	8439		23,172.85	-	23,172.85
SCEG	8510		-	235.47	235.47
SCEG	8610		-	6,533.89	6,533.89
SCEG	8700		452,376.01	252,372.46	704,748.47
SCEG	8710		7,762.44	-	7,762.44
SCEG	8740		498,148.68	415,692.57	913,841.25
SCEG	8750		43,163.42	393.38	43,556.80
SCEG	8760		102,897.14	552.06	103,449.20
SCEG	8780		15,923.39	409.92	16,333.31
SCEG	8790		15,425.70	-	15,425.70
SCEG	8800		371,377.01	3,561.17	374,938.18
SCEG	8810		225,903.54	-	225,903.54
SCEG	8850		873.01	733.73	1,606.74
SCEG	8870		536,963.70	-	536,963.70
SCEG	8900		630.95	-	630.95
SCEG	8920		2,387.44	-	2,387.44
SCEG	8930		120,238.77	52,703.35	172,942.12
SCEG	8940		735.72	-	735.72
SCEG	9010	ELECTRIC	1,090,272.86	1,419.62	1,091,692.48
SCEG	9010	GAS	130,662.01	225.61	130,887.62
SCEG	9020	ELECTRIC	527,448.77	152,400.22	679,848.99
SCEG	9020	GAS	68,040.90	14,331.21	82,372.11
SCEG	9030	ELECTRIC	27,849,553.05	1,416,526.54	29,266,079.59
SCEG	9030	GAS	4,084,735.93	132,468.15	4,217,204.08
SCEG	9040	ELECTRIC	(441.07)	-	(441.07)
SCEG	9040	GAS	(161.15)	-	(161.15)
SCEG	9050	ELECTRIC	2,581,470.27	86,261.86	2,667,732.13
SCEG	9050	GAS	508,425.75	8,111.80	516,537.55
SCEG	9070	ELECTRIC	342.47	-	342.47

SCEG	9070	GAS	1,537.49	-	1,537.49
SCEG	9080	ELECTRIC	199,785.85	-	199,785.85
SCEG	9080	GAS	34,365.20	497.37	34,862.57
SCEG	9100	ELECTRIC	31,323.16	57,907.81	89,230.97
SCEG	9100	GAS	281,324.85	8,258.91	289,583.76
SCEG	9110	GAS	7,663.64	-	7,663.64
SCEG	9120	ELECTRIC	35,924.56	4,164.46	40,089.02
SCEG	9120	GAS	413,441.80	2,320.61	415,762.41
SCEG	9130	ELECTRIC	559.27	1,312.93	1,872.20
SCEG	9130	GAS	82.54	4,661.68	4,744.22
SCEG	9160	ELECTRIC	44.05	227,887.96	227,932.01
SCEG	9160	GAS	231,130.02	107,781.16	338,911.18
SCEG	9200	ELECTRIC	36,191,257.54	12,199,224.74	48,390,482.28
SCEG	9200	GAS	6,826,447.53	1,606,814.75	8,433,262.28
SCEG	9210	ELECTRIC	12,095,341.86	6,368,186.46	18,463,528.32
SCEG	9210	GAS	1,336,315.20	761,561.92	2,097,877.12
SCEG	9230	ELECTRIC	10,076,057.98	4,652,837.95	14,728,895.93
SCEG	9230	GAS	753,565.11	447,356.00	1,200,921.11
SCEG	9240	ELECTRIC	(417,593.20)	352,593.91	(64,999.29)
SCEG	9240	GAS	11,653.30	30,119.83	41,773.13
SCEG	9250	ELECTRIC	3,556,000.23	358,221.06	3,914,221.29
SCEG	9250	GAS	455,967.45	34,159.46	490,126.91
SCEG	9260	ELECTRIC	7,392,446.71	6,572,920.86	13,965,367.57
SCEG	9260	GAS	1,638,645.04	1,129,080.12	2,767,725.16
SCEG	9280	ELECTRIC	79,660.51	412.68	80,073.19
SCEG	9280	GAS	273,648.33	204.24	273,852.57
SCEG	9301	ELECTRIC	20,141.00	558.85	20,699.85
SCEG	9301	GAS	7,359.00	276.58	7,635.58
SCEG	9302	ELECTRIC	2,323,921.06	2,130,217.35	4,454,138.41
SCEG	9302	GAS	338,333.44	195,380.08	533,713.52
SCEG	9310	ELECTRIC	3,616,348.78	1,504,634.45	5,120,983.23
SCEG	9310	GAS	434,937.35	690,920.59	1,125,857.94
SCEG	9320	ELECTRIC	659.87	-	659.87
SCEG	9320	GAS	56.40	-	56.40
SCEG	9350	ELECTRIC	4,919,586.76	2,026,500.28	6,946,087.04
SCEG	9350	GAS	1,180,891.03	281,177.26	1,462,068.29
			<u>243,110,119.68</u>	<u>76,430,526.02</u>	<u>319,540,645.70</u>

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
AUDIT INFORMATION REQUEST**

**DOCKET NO. 2017-207-E (8th Continuing AIR)**

**DOCKET NO. 2017-305-E (7th Continuing AIR)**

**DOCKET NO. 2017-370-E (7th Continuing AIR)**

**REQUEST 7-25:**

Indicate whether SCE&G will seek to recover the sales tax on the NND construction costs from retail customers. If so, describe the manner and form this proposal will take, e.g., an addition to the NND costs recoverable through the CCR under the Merger CBP. If not, confirm that SCE&G will charge this cost to income below the line.

**RESPONSE 7-25:**

As stated in Response 7-24, SCE&G intends to appeal the proposed assessment issued by the South Carolina Department of Revenue ("SCDOR") by sending a written protest and vigorously contesting the SCDOR's position. It is unknown at this time whether SCE&G will be required to pay the assessment. Therefore, and without waiving but specifically reserving its rights to recover such expense if it is incurred, SCE&G is unable to indicate at this time whether it will seek to recover any such sales tax on the NND construction costs from retail customers.

**RESPONSIBLE PERSON:** Virginia Smith

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
AUDIT INFORMATION REQUEST  
DOCKET NO. 2017-207-E (5th Continuing AIR)  
DOCKET NO. 2017-305-E (4th Continuing AIR)  
DOCKET NO. 2017-370-E (4th Continuing AIR)**

**REQUEST 4-4:**

Provide the Applicants' working definitions of goodwill and acquisition premium and describe the manner in which goodwill and/or acquisition premium will be calculated and recorded for each relevant entity, including the FERC accounts/subaccounts that will be used for this purpose. If the terms goodwill and acquisition premium are not considered interchangeable, then differentiate the two terms and the costs that are considered goodwill versus the costs that are considered acquisition premium.

**RESPONSE 4-4:**

As defined in Accounting Standards Codification Topic 805, *Business Combinations*, goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. The terms goodwill and acquisition premium are used interchangeably for ratemaking purposes. Goodwill will not be determined until the closing date of the transaction at which time it will be based on the fair value of SCANA's identifiable assets and liabilities as determined by a third party valuation.

Neither SCANA nor SCE&G will seek recovery of any acquisition premium (goodwill) or any other fair value adjustments associated with the Merger from its customers. Dominion Energy will not record any portion of the purchase price allocation adjustments (fair value adjustments including goodwill) associated with the Merger on SCANA or SCE&G's books and is planning to make the required accounting entries associated with the Merger on that basis.

Responsible Person: Joshua Blakeney

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
AUDIT INFORMATION REQUEST**

**DOCKET NO. 2017-207-E (5th Continuing AIR)**

**DOCKET NO. 2017-305-E (4th Continuing AIR)**

**DOCKET NO. 2017-370-E (4th Continuing AIR)**

**REQUEST 4-8:**

Provide the Applicants' working definition of transaction costs and list each such cost that falls within this definition. In addition, describe the manner in which transaction costs will be incurred and recorded by each relevant entity, including charges to and from other affiliates. Provide and describe the FERC accounts/subaccounts that will be used for these purposes and the costs that will be recorded in each such account/subaccount.

**RESPONSE 4-8:**

Transaction costs include costs incurred in connection with completion of the acquisition by Dominion Energy, Inc. of the equity interests of SCANA Corporation, including costs of obtaining all necessary regulatory approvals for the merger. Examples of such costs include legal fees and expenses, regulatory filing fees and costs of developing and pursuing regulatory approvals, accounting fees, costs related to securities issuances and proxy solicitations, financial advisory fees and investment banking fees. Any transaction costs related to the merger will be incurred and expensed at the respective Dominion Energy, Inc. and SCANA Corporation corporate (Holding Company) level. As such, SCE&G will not seek recovery of these costs from customers. Neither Dominion Energy, Inc. nor SCANA Corporation have specific FERC financial reporting requirements at the Holding Company level, although SCANA Corporation does maintain its Holding Company general ledger utilizing the FERC Uniform System of Accounts. As such, these transaction costs have been and are being recorded on SCANA's general ledger to account 426.5 – Other Deductions which is a below-the-line nonutility account number. Regardless of the account number used at either the Dominion Energy or SCANA Holding Company level, these costs are not passed down to any Dominion or SCANA subsidiary company. Similarly, due to the nature of the costs incurred, some may originate at Dominion Energy Services, Inc. (DES) or SCANA Services, Inc. (SSCO) and will be charged to the respective Holding Company.

Responsible Persons: Keith Coffey (SCANA/SCE&G) and Joshua Blakeney (Dominion Energy)



**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
AUDIT INFORMATION REQUEST  
DOCKET NO. 2017-207-E (4th Continuing AIR)  
DOCKET NO. 2017-305-E (3rd Continuing AIR)  
DOCKET NO. 2017-370-E (3rd Continuing AIR)**

**REQUEST 3-12:**

Please identify and provide an estimate of the Dominion costs currently incurred related to the proposed merger.

**RESPONSE 3-12:**

As of January 31, 2018, Dominion has incurred approximately \$3.7 million related to the merger, comprised primarily of legal, advisory, and advertising fees. However, none of the acquisition costs will be pushed down or otherwise allocated or charged to SCE&G from affiliated companies and therefore would not be sought for recovery from SCE&G customers.

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
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**DOCKET NO. 2017-207-E (4th Continuing AIR)**

**DOCKET NO. 2017-305-E (3rd Continuing AIR)**

**DOCKET NO. 2017-370-E (3rd Continuing AIR)**

**REQUEST 3-15:**

Please provide an estimate of the transaction and integration costs Dominion, SCANA and SCE&G expect to incur related to the proposed merger.

**RESPONSE 3-15:**

Transaction costs include costs incurred to complete the acquisition of the equity interests, including the costs of bringing the merging entities into agreement and obtaining approvals for the Merger, such as legal, regulatory, accounting, securities issuances, advisory fees and investment banking fees. As referenced in the Unaudited Pro Forma Consolidated Financial Statements (footnote 4) that were part of the Form S-4 Registration Statement filed with the SEC by Dominion Energy on February 14, 2018, Dominion Energy and SCANA expect to incur approximately \$59 million in transaction costs associated with the Merger. Any transaction costs related to the Merger will be incurred and expensed at the respective Dominion Energy and SCANA corporate level and will not be passed down or charged to SCE&G or any SCANA subsidiary. As such, SCE&G will not seek recovery of these costs from customers.

Integration costs are generally expenditures resulting from the preparation and implementation of activities necessary to integrate the purchased entity into the acquiring entity. Examples of transition costs include but are not limited to the integration of financial, IT, human resource, billing, accounting, and telecommunications systems. Other costs could include severance payments to employees, changes to signage, changes to employee benefit plans and costs to terminate any duplicative leases, contracts, operations, etc. At this time it is not possible to identify an estimate of all integration costs with any level of specificity or precision. Although the Applicants have not yet determined the specific integration costs that will result from the Merger, SCE&G will not seek recovery of such costs from customers and instead they will be borne by shareholders.

One-time charges attributable to the Customer Benefits Plan, as described in Response 1-101, will be reflected on SCE&G's books; however, SCE&G will not seek recovery of these costs from customers and such costs will be borne by shareholders.

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
OFFICE OF REGULATORY STAFF'S CONTINUING  
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**DOCKET NO. 2017-207-E (4th Continuing AIR)**

**DOCKET NO. 2017-305-E (3rd Continuing AIR)**

**DOCKET NO. 2017-370-E (3rd Continuing AIR)**

**REQUEST 3-16:**

Please provide a detailed listing of all transaction and integration costs related to the proposed merger incurred by SCANA, SCE&G or Dominion including the accounts to which the transactional costs are or will be booked.

**RESPONSE 3-16:**

Please refer to Response 3-15 for types of potential transaction costs, integration costs and one-time adjustments attributable to the Customer Benefits Plan. As of January 31, 2018, SCANA and Dominion Energy had incurred approximately \$12.6 million and \$3.7 million respectively of transaction related costs as indicated below.

<b>Amounts Incurred by SCANA</b>		
	<b>December 31, 2017</b>	<b>January 31, 2018</b>
Legal	\$2.3M	\$0.2M
Advisory	-	\$10.1M
Advertising	-	-
<b>Total</b>	<b>\$2.3M</b>	<b>\$10.3M</b>

<b>Amounts Incurred by Dominion Energy</b>		
	<b>December 31, 2017</b>	<b>January 31, 2018</b>
Legal	\$1.3M	-
Advisory	-	\$1.4M
Advertising	-	\$1.0M
<b>Total</b>	<b>\$1.3M</b>	<b>\$2.4M</b>

As noted in Response 3-15, no transaction costs will be recorded on the accounting books of SCE&G. As such, SCANA's transaction costs above have been recorded at SCANA Holding Company and Dominion Energy's transaction costs above at Dominion Energy Inc. Any integration costs and one-time adjustments attributable to the Customer Benefits Plan that are required to be recorded on the books of SCE&G under Generally Accepted Accounting Principles will be recorded below-the-line to FERC account 426.5 to ensure the amounts are excluded from rate recovery.

SCANA Corp.

Detail of Merger Related Costs Through January 31, 2018.

<u>Month Number</u>	<u>Account</u>	<u>Resource Code</u>	<u>Amount</u>
201712	4265013 - Dominion Merger Expenses	528 - Legal	\$2,000,000.00
201712	4265013 - Dominion Merger Expenses	528 - Legal	\$139,605.00
201712	4265013 - Dominion Merger Expenses	528 - Legal	\$113,312.31
201801	4081000 - Tx Oth Than Inc Tx Util	193 - Taxes Other Than Income	\$2,253.15
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$77.76
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$197.71
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$44.76
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$668.98
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$403.62
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$107.07
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$427.31
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$1,166.21
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$487.95
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$97.43
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$365.10
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$134.83
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$387.97
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$384.96
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$1,052.64
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$934.96
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$204.51
201801	4082000 - Tx Oth Than Inc Tx Oth Inc-ded	193 - Taxes Other Than Income	\$30.47
201801	4171000 - Exp From Non-utility Opertns	191 - Pensions	\$3.85
201801	4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$383.66
201801	4171000 - Exp From Non-utility Opertns	191 - Pensions	\$9.79
201801	4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$975.51
201801	4171000 - Exp From Non-utility Opertns	191 - Pensions	\$2.22
201801	4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$220.86
201801	4171000 - Exp From Non-utility Opertns	191 - Pensions	\$33.12
201801	4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$3,300.74
201801	4171000 - Exp From Non-utility Opertns	191 - Pensions	\$19.98
201801	4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$1,991.45
201801	4171000 - Exp From Non-utility Opertns	191 - Pensions	\$5.30
201801	4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$528.30
201801	4171000 - Exp From Non-utility Opertns	191 - Pensions	\$21.15
201801	4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$2,108.33
201801	4171000 - Exp From Non-utility Opertns	191 - Pensions	\$57.73
201801	4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$5,754.09
201801	4171000 - Exp From Non-utility Opertns	191 - Pensions	\$24.16
201801	4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$2,407.55
201801	4171000 - Exp From Non-utility Opertns	191 - Pensions	\$4.82
201801	4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$480.70
201801	4171000 - Exp From Non-utility Opertns	191 - Pensions	\$18.07
201801	4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$1,801.42
201801	4171000 - Exp From Non-utility Opertns	191 - Pensions	\$6.67
201801	4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$665.25
201801	4171000 - Exp From Non-utility Opertns	191 - Pensions	\$19.21
201801	4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$1,914.25

201801 4171000 - Exp From Non-utility Opertns	191 - Pensions	\$19.06
201801 4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$1,899.37
201801 4171000 - Exp From Non-utility Opertns	191 - Pensions	\$50.16
201801 4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$4,999.34
201801 4171000 - Exp From Non-utility Opertns	191 - Pensions	\$46.28
201801 4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$4,613.07
201801 4171000 - Exp From Non-utility Opertns	191 - Pensions	\$10.12
201801 4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$1,009.04
201801 4171000 - Exp From Non-utility Opertns	191 - Pensions	\$1.51
201801 4171000 - Exp From Non-utility Opertns	192 - Employee Benefits	\$150.36
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$641.58
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$370.95
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$1,631.29
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$971.88
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$369.33
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$168.53
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$5,519.64
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$2,373.30
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$3,330.18
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$1,842.82
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$883.45
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$442.78
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$3,525.64
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$1,231.93
201801 4265013 - Dominion Merger Expenses	524 - Professional Consulting	\$5,026,011.79
201801 4265013 - Dominion Merger Expenses	524 - Professional Consulting	\$5,032,951.35
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$9,622.23
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$4,335.16
201801 4265013 - Dominion Merger Expenses	528 - Legal	\$1,000,000.00
201801 4265013 - Dominion Merger Expenses	528 - Legal	(\$2,000,000.00)
201801 4265013 - Dominion Merger Expenses	528 - Legal	\$1,118,299.84
201801 4265013 - Dominion Merger Expenses	528 - Legal	\$114,053.90
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$4,026.00
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$1,952.86
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$803.85
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$332.89
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$3,012.40
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$1,391.73
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$1,112.46
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$712.97
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$3,201.09
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$2,134.06
201801 4265013 - Dominion Merger Expenses	425 - Education (fees)	\$50.00
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$3,176.20
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$869.80
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$8,360.10
201801 4265013 - Dominion Merger Expenses	102 - Overtime	\$325.11
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$3,109.95
201801 4265013 - Dominion Merger Expenses	528 - Legal	\$75,000.00
201801 4265013 - Dominion Merger Expenses	528 - Legal	\$74,648.25
201801 4265013 - Dominion Merger Expenses	528 - Legal	\$625.00
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$7,714.16

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201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$3,708.31
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$1,687.35
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$450.74
201801 4265013 - Dominion Merger Expenses	426 - Travel Excluding Meals	\$401.69
201801 4265013 - Dominion Merger Expenses	427 - Meal Expenses	\$11.66
201801 4265013 - Dominion Merger Expenses	101 - Normal Time	\$251.43
201801 4265013 - Dominion Merger Expenses	106 - Indirect Payroll	\$151.01
201801 9200000 - A And G Salaries	101 - Normal Time	\$11,331.36
201801 9200000 - A And G Salaries	101 - Normal Time	\$7,259.00
201801 9200000 - A And G Salaries	106 - Indirect Payroll	\$4,965.99
201801 9230000 - A And G Outside Svcs	528 - Legal	\$1,971.75
201801 9260000 - A And G Pension	191 - Pensions	\$111.54
201801 9260001 - A And G Benefits	192 - Employee Benefits	\$11,117.04
201801 4265013 - Dominion Merger Expenses	528 - Legal	(\$139,605.00)
201801 4265013 - Dominion Merger Expenses	528 - Legal	(\$113,312.31)
		<u>\$12,609,539.20</u>

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
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**DOCKET NO. 2017-207-E (4th Continuing AIR)**

**DOCKET NO. 2017-305-E (3rd Continuing AIR)**

**DOCKET NO. 2017-370-E (3rd Continuing AIR)**

**REQUEST 3-17:**

Please identify how SCANA, SCE&G and Dominion plan to recover transaction and integration costs associated with the proposed merger including, but not limited to, legal, accounting, advertising, financial advisory, filing, printing fees and mailing fees.

**RESPONSE 3-17:**

In accordance with the Federal Energy Regulatory Commission's ("FERC") Policy Statement on Hold Harmless Commitments issued in Docket No. PL15-3-000, SCANA, SCE&G and Dominion do not plan to recover, and will not seek recovery of, transaction and integration costs associated with the proposed merger. Accounting processes have been established to ensure these costs are captured in a manner so that they are excluded from rate recovery.



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**DOCKET NO. 2017-305-E (4th Continuing AIR)**

**DOCKET NO. 2017-370-E (4th Continuing AIR)**

**REQUEST 4-11:**

Provide the Applicants' working definition of transition costs and list each such cost that falls within this definition. Explain why the Applicants believe that each such cost should be considered a transition cost and not a transaction cost. In addition, describe the manner in which transition costs will be incurred and recorded by each relevant entity, including charges to and from other affiliates. Provide and describe the FERC accounts/subaccounts that will be used for these purposes and the costs that will be recorded in each such account/subaccount.

**RESPONSE 4-11:**

Transition costs are generally costs arising from the activities necessary to integrate the purchased entity into the acquiring entity. Examples of transition costs include those related to, but not limited to, the integration of financial, IT, human resource, billing, accounting, and telecommunications systems and processes. Other costs could include severance payments to employees and costs related to changes to signage, changes to employee benefit plans and termination of any duplicative leases, contracts, operations, etc.

Generally, transition costs related to the merger will be incurred and expensed at the respective Dominion Energy, Inc. and SCANA Corporation corporate (Holding Company) level and will not be pushed down or charged to SCE&G or any other SCANA or Dominion subsidiary company. As such, SCE&G will not seek recovery of these costs from customers. Neither Dominion Energy, Inc. nor SCANA Corporation have specific FERC financial reporting requirements at the Holding Company level, although SCANA Corporation does maintain its Holding Company general ledger utilizing the FERC Uniform System of Accounts. Accordingly, these transition costs have been and are being recorded on SCANA's general ledger to account 426.5 – Other Deductions which is a below-the-line nonutility account number. Similarly, due to the nature of the costs incurred, some may originate at Dominion Energy Services, Inc. (DES) or SCANA Services, Inc. (SSCO) and will be charged to the respective Holding Company. Any transition costs and one-time charges attributable to the Customer Benefits Plan that are required to be recorded on the books of SCE&G under Generally Accepted Accounting Principles will be reflected on SCE&G's books below-the-line in FERC account 426.5 – Other Deductions to ensure the amounts are excluded from rate recovery.

Responsible Persons: Keith Coffey (SCANA/SCE&G) and Joshua Blakeney (Dominion Energy)

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
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**DOCKET NO. 2017-207-E (7th Continuing AIR)**

**DOCKET NO. 2017-305-E (6th Continuing AIR)**

**DOCKET NO. 2017-370-E (6th Continuing AIR)**

**REQUEST 6-42:**

Refer to pages 3, 5 and 6 of Exhibit 9 attached to the Application in this proceeding. Indicate whether Dominion plans to move or reposition any SCANA legal entities after the merger is consummated, e.g., Public Service Company of North Carolina from a subsidiary of SCANA Corp. to a subsidiary of Dominion Energy Gas Holdings, LLC, the parent of The East Ohio Gas Company. Provide a copy of all analyses, studies, and correspondence that address these issues.

**RESPONSE 6-42:**

At the time the Merger is effective as defined in the Merger Agreement ("Effective Time"), Sedona Corp., a wholly-owned subsidiary of Dominion Energy, Inc. ("Dominion Energy"), will merge with and into SCANA Corporation ("SCANA"), a South Carolina corporation, with SCANA being the surviving entity. At the Effective Time, SCANA, as the surviving entity, will become a wholly-owned subsidiary of Dominion Energy that will continue to exist as a separate legal entity. All current subsidiaries of SCANA are expected to remain as direct subsidiaries of SCANA in its current structure at the Effective Time. No additional changes to SCANA legal entity structure are contemplated at this time.

**RESPONSIBLE PERSON:** Karen Doggett

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
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**DOCKET NO. 2017-207-E (7th Continuing AIR)**

**DOCKET NO. 2017-305-E (6th Continuing AIR)**

**DOCKET NO. 2017-370-E (6th Continuing AIR)**

**REQUEST 6-41:**

Indicate whether Dominion Energy Services, Inc. charges its affiliates, including SCE&G, a rate of return applied to rate base or the equivalent of rate base investment. If so, then describe how the rate of return is developed, including the cost of equity and any related income tax gross-up, cost of long-term debt, and cost of short-term debt. In addition, describe how the rate base or the equivalent of rate base investment is calculated for this purpose.

**RESPONSE 6-41:**

No, Dominion Energy Services, Inc. does not include a rate of return applied to rate base or the equivalent of rate base in charges to its affiliates.

**RESPONSIBLE PERSON:** Josh Blakeney

**SOUTH CAROLINA ELECTRIC & GAS COMPANY  
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**DOCKET NO. 2017-305-E (6th Continuing AIR)**

**DOCKET NO. 2017-370-E (6th Continuing AIR)**

**REQUEST 6-40:**

Indicate whether SCANA Services, Inc. presently charges its affiliates, including SCE&G, a rate of return applied to rate base or the equivalent of rate base investment. If so, then describe how the rate of return is developed, including the cost of equity and any related income tax gross-up, cost of long-term debt, and cost of short-term debt. In addition, describe how the rate base or the equivalent of rate base investment is calculated for this purpose.

**RESPONSE 6-40:**

SCANA Services, Inc. does not charge its affiliates, including SCE&G, a rate of return applied to rate base or the equivalent of rate base investment.

Responsible person: Keith Coffer, Jr.